

YADKIN COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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Alan W. Thompson, CPA

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Yadkin County
Yadkinville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business--type activities, each major fund, and the aggregate remaining fund information of Yadkin County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise Yadkin County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members

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Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information Yadkin County, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 4 through 12 and 58 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Yadkin's basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020 on our consideration of Yadkin County internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yadkin County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

October 26, 2020

FINANCIAL SECTION

Management's Discussion and Analysis

As management of Yadkin County, we offer readers of Yadkin County's financial statements this narrative overview and analysis of the financial activities of Yadkin County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

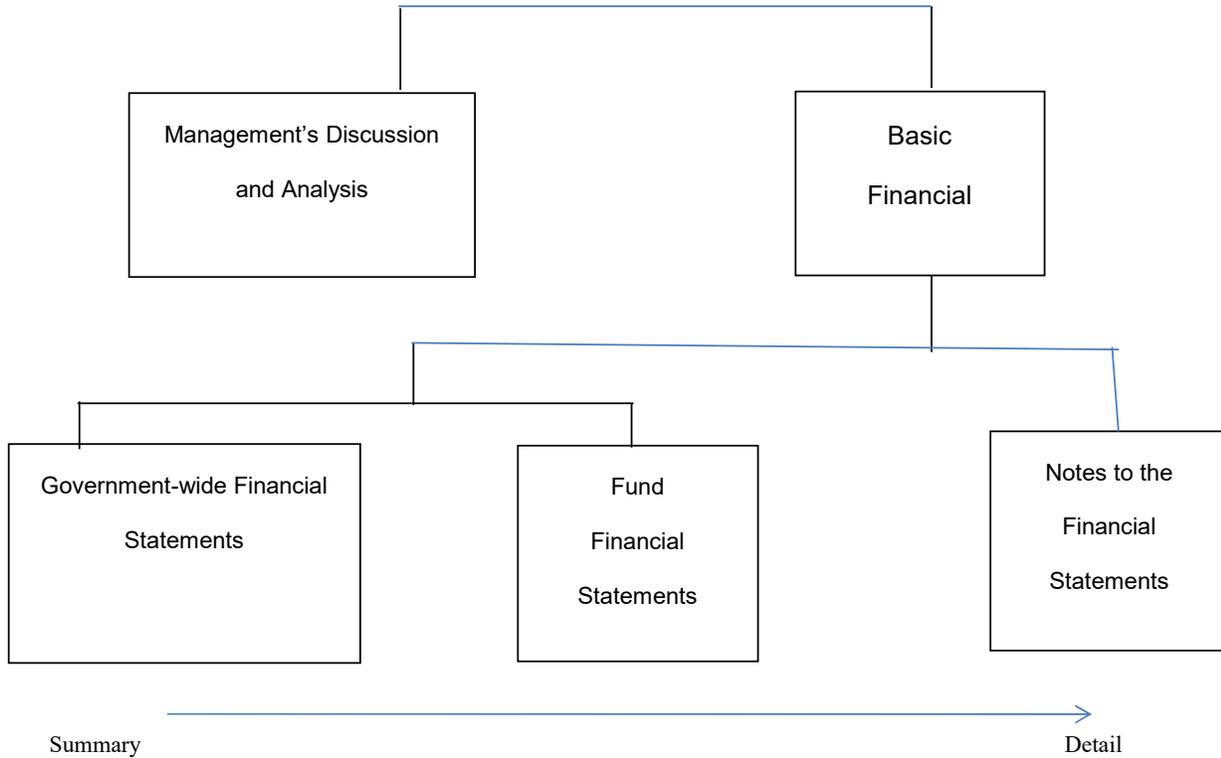
Financial Highlights

- The assets and deferred outflows of resources of Yadkin County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$50,900,373.
- The County's change in net position of governmental activities increased by \$2,515,287 due to results in operations.
- As of the close of the current fiscal year, Yadkin County's total governmental funds reported combined ending fund balances of \$19,530,462, an increase of \$1,229,771 in comparison with the prior year. Approximately 51 percent of the ending fund balance, or \$9,951,129, is available for spending at the government discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,951,129, or 27.06 percent of total General Fund expenditures and transfers out for the fiscal year.
- Yadkin County's total long-term debt obligations decreased \$282,964. This decrease is primarily related to current debt payments offset by additional debt incurred for Sheriff Admin building capital project.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Yadkin County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Yadkin County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County’s financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statement.

The next section of the basic financial statements is the **notes to the financial statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County’s non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the **required supplemental information**. This section contains funding information about the County’s pension plans and other post-employment benefits.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The Statement of Net Position presents information on all of Yadkin County's assets deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Yadkin County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most to the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Yadkin County. The final category is the component unit. Although legally separate from Yadkin County, the Yadkin County Tourism Development Authority is important to the County because the County exercises control over the Board by appointing its members.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Yadkin County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Yadkin County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Yadkin County adopts an annual budget for its General Fund as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Yadkin County maintains two types of proprietary funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Yadkin County uses enterprise funds to account for its water and sewer activity and for its landfill operations (which includes a transfer station and seven convenience sites). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund for the accumulation and allocation of costs associated with providing medical insurance to County employees and their dependents. Because this activity predominately benefits governmental rather than business-type activities, the internal service fund has been included with governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Yadkin County has five fiduciary funds, all of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Yadkin County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning at Exhibit A-1, directly after the notes.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as one useful indicator of a government’s financial condition. The County's assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$50,900,373 as of June 30, 2020. The County’s net position increased by \$2,515,287 for the fiscal year ended June 30, 2020. One of the largest portions of net position \$50,369,524 (98.96%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Yadkin County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Yadkin County's total net position, \$3,468,578, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$2,937,729 is unrestricted.

The County provides long-term debt financing for the Yadkin County Board of Education without retaining ownership of the related real estate, resulting in a deficit of unrestricted net position on the County's financial statements as of June 30, 2020.

Yadkin County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 23,716,208	\$ 21,678,650	\$ 1,074,199	\$ 1,367,709	\$ 24,790,407	\$ 23,046,359
Capital assets	52,588,879	50,390,745	10,249,430	10,654,210	62,838,309	61,044,955
Total assets	<u>76,305,087</u>	<u>72,069,395</u>	<u>11,323,629</u>	<u>12,021,919</u>	<u>87,628,716</u>	<u>84,091,314</u>
Total deferred outflows of resources	4,826,223	4,914,788	100,862	99,519	4,927,085	5,014,307
Long-term liabilities outstanding	31,245,527	31,314,244	3,904,098	4,078,564	35,149,625	35,392,808
Other liabilities	5,891,476	4,606,399	127,596	222,481	6,019,072	4,828,880
Total liabilities	<u>37,137,003</u>	<u>35,920,643</u>	<u>4,031,693</u>	<u>4,301,045</u>	<u>41,168,696</u>	<u>40,221,688</u>
Total deferred inflows of resources	480,864	491,188	5,868	7,659	486,732	498,847
Net position:						
Net investment in capital assets	43,776,592	42,608,724	6,592,932	6,800,185	50,369,524	49,408,909
Restricted	3,468,578	2,550,576	-	-	3,468,578	2,550,576
Unrestricted	(3,731,727)	(4,586,948)	793,998	1,012,549	(2,937,729)	(3,574,399)
Total net position	<u>\$ 43,513,443</u>	<u>\$ 40,572,352</u>	<u>\$ 7,386,930</u>	<u>\$ 7,812,734</u>	<u>\$ 50,900,373</u>	<u>\$ 48,385,086</u>

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position:

- The property tax collection percentage increased from 97.30% to 97.70%. The county continues to make extra efforts to increase the collection percentage overall.
- Continued decreases in long-term liabilities as existing debt principal was repaid.

Yadkin County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,138,096	\$ 3,173,937	\$ 2,555,038	\$ 2,759,977	\$ 5,693,134	\$ 5,933,914
Operating grants and contributions	4,889,239	4,694,925	102,707	95,352	4,991,946	4,790,277
Capital grants and contributions	300,000	343,894	2,213	2,387	302,213	346,281
General revenues:						
Property taxes	22,668,934	22,138,186	-	-	22,668,934	22,138,186
Other taxes	9,115,072	8,205,416	-	-	9,115,072	8,205,416
Other	171,318	238,431	-	-	171,318	238,431
Total revenues	<u>40,282,659</u>	<u>38,794,789</u>	<u>2,659,958</u>	<u>2,857,716</u>	<u>42,942,617</u>	<u>41,652,505</u>
Expenses:						
General government	5,417,942	4,574,378	-	-	5,417,942	4,574,378
Public safety	10,418,372	12,240,451	-	-	10,418,372	12,240,451
Economic and physical development	794,135	698,842	-	-	794,135	698,842
Human services	8,428,308	8,490,514	-	-	8,428,308	8,490,514
Cultural and recreation	3,583,852	1,055,161	-	-	3,583,852	1,055,161
Education	8,110,180	7,434,223	-	-	8,110,180	7,434,223
Interest on long-term debt	634,424	665,355	-	-	634,424	665,355
Landfill	-	-	2,303,429	2,349,211	2,303,429	2,349,211
Water and sewer	-	-	736,688	600,489	736,688	600,489
Total expenses	<u>37,387,213</u>	<u>35,158,924</u>	<u>3,040,117</u>	<u>2,949,700</u>	<u>40,427,330</u>	<u>38,108,624</u>
Increase (decrease) in net position before transfers	2,895,446	3,635,865	(380,159)	(91,984)	2,515,287	3,543,881
Transfers	45,645	-	(45,645)	-	-	-
Increase (decrease) in net position	2,941,091	3,635,865	(425,804)	(91,984)	2,515,287	3,543,881
Net position, beginning	40,572,352	36,936,487	7,812,734	7,904,718	48,385,086	44,841,205
Net position, restated	<u>40,572,352</u>	<u>36,936,487</u>	<u>7,812,734</u>	<u>7,904,718</u>	<u>48,385,086</u>	<u>44,841,205</u>
Net position, ending	<u>\$ 43,513,443</u>	<u>\$ 40,572,352</u>	<u>\$ 7,386,930</u>	<u>\$ 7,812,734</u>	<u>\$ 50,900,373</u>	<u>\$ 48,385,086</u>

Governmental activities. Governmental activities increased the County’s net position by \$2,941,091. Key elements of this increase are as follows:

- Increase in property tax collection percentage
- Increase in local option sales tax funds

Business-type activities. Business-type activities decreased the County’s net position by \$425,804. Key elements of this decrease are as follows:

- Operations of the landfill decreased net position of the business-type activities by \$14,813, while operations of the Water and Sewer Fund decreased net position by \$410,991. The Water and Sewer fund decrease in net position is largely due to the depreciation of the newly completed East Bend Waterline. This fund is expected to be self-sustaining.

Financial Analysis of the County's Funds

As noted earlier, Yadkin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Yadkin County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Yadkin County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Yadkin County's governmental funds reported combined ending fund balances of \$19,530,462 an increase of \$1,229,771 in comparison with the prior year. This increase is due to the increase in local option sales tax revenue and property tax collections in the General Fund.

The General Fund is the chief operating fund of Yadkin County. At the end of the current fiscal year, Yadkin County's fund balance available in the General Fund was \$13,148,111 while total fund balance reached \$15,358,231. Overall, fund balance increased \$972,843 from current year activities. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 35.75 percent of total General Fund expenditures, while total fund balance represents 41.76 percent of that same amount.

At the end of the current fiscal year, Yadkin County's fund balance available in the Capital Projects Fund was \$2,772,603, while total fund balance for the Capital Projects Fund reached \$3,307,802. Overall, fund balance decreased \$91,025 from current year activities.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,529,531. Appropriated fund balance was \$2,801,129.

Proprietary Funds. Yadkin County's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

At June 30, 2020, unrestricted net position of the Landfill Fund (Solid Waste Fund) was a deficit of \$89,317. The total increase in the unrestricted net position of the Landfill Fund (Solid Waste Fund) was \$3,852, as compared to the deficit unrestricted net position of \$93,169 at June 30, 2019. This deficit is primarily due to the implementation of GASB 75.

At June 30, 2020, unrestricted net position of the Water and Sewer Fund totaled \$883,315. The total decrease in the unrestricted net position of the Water and Sewer Fund was \$222,403, as compared to the unrestricted net position of \$1,105,718 at June 30, 2020. The Water and Sewer Fund should be self-sustaining, as it currently consists of two water lines. The County operates and maintains the East Bend Waterline. The County maintains the HWY 21 Waterline, but contracts with the Town of Jonesville to do the billing. The County has executed a contract with the Town of Yadkinville for the maintenance and operation of the 601 Waterline. The Town of Yadkinville assumes the responsibility for the operation and maintenance of the leased lines, bearing the cost and keeping the collections, but the asset and related depreciation remains on the County's books.

Capital Asset and Debt Administration

Capital assets. Yadkin County’s capital assets for its governmental and business – type activities as of June 30, 2020, totals \$62,838,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, furniture, fixtures and equipment, construction in progress, machinery and equipment, and vehicles.

**Yadkin County’s Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,715,423	\$ 5,715,423	\$ 278,462	\$ 278,462	\$ 5,993,885	\$ 5,993,885
Construction in process	3,443,768	559,277	-	4,079,962	3,443,768	4,639,239
Buildings	41,412,771	41,830,780	44,324	57,993	41,457,095	41,888,773
Improvements	-	-	25,273	27,710	25,273	27,710
Water and sewer lines	-	-	9,891,347	6,197,500	9,891,347	6,197,500
Furniture and equipment	910,488	1,097,419	10,024	12,583	920,512	1,110,002
Vehicles	1,106,429	1,187,846	-	-	1,106,429	1,187,846
Total	\$ 52,588,879	\$ 50,390,745	\$ 10,249,430	\$ 10,654,210	\$ 62,838,309	\$ 61,044,955

Major capital asset transactions during the year include:

- Purchase of new HVAC units
- Purchase of two Law Enforcement vehicles and an ambulance
- Started Phase II of the Memorial Park, partially funded through the PartF Grant

Long-Term Debt

**Yadkin County’s Outstanding Long-Term Obligations
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchase obligations	\$ 21,479,852	\$ 22,534,731	\$ 3,656,498	\$ 3,854,025	\$ 25,136,350	\$ 26,388,756
Net pension liability (LGERS)	4,270,758	3,652,045	82,878	70,871	4,353,636	3,722,916
Total pension liability (LEOSSA)	518,228	593,073	-	-	518,228	593,073
Compensated absences	823,521	781,057	18,973	17,329	842,494	798,386
Total OPEB Liability	7,683,539	7,320,814	142,646	135,912	7,826,185	7,456,726
Total	\$ 34,775,898	\$ 34,881,720	\$ 3,900,995	\$ 4,078,137	\$ 38,676,893	\$ 38,959,857

Yadkin County’s total debt decreased by \$282,964 (0.73 percent) during the past fiscal year, primarily due to the scheduled principal repayments on existing installment purchase agreements in excess of the new debt for the Sheriff's Administration Building project.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Yadkin County is \$226,376,521.

Economic Factors and Next Year's Budgets and Rates

- The County's unemployment rate has increased from 3.4% in June of 2019 to 7.6% in June of 2020, which is below the State average of 12.9%. The increase is directly related to COVID-19.
- Yadkin County is currently designated as Tier 2 by the Department of Commerce based upon its economic well-being and the number of families in the County that are at or below the poverty line.
- The County continues to experience growth and is committed to encouraging local business expansion, agri-tourism, and cultural arts enhancement.
- The County continues to improve and expand water and sewer infrastructure in order to promote economic development.

All of these factors were considered in preparing Yadkin County's budget for the 2020-21 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The General Fund projected revenues are expected to be higher than anticipated revenues realized during the fiscal year ended June 30, 2020, primarily due to increase revenues such as sales tax, rental income from the hospital facility and the banquet rooms in the new Yadkin County Agricultural & Education Building. The General Fund expenses are to increase compared to the fiscal year end June 30, 2020 as well. The Board of Commissioners maintained the property tax rate of .66 per \$100 in Fiscal Year 2021. The County will complete construction on a new Sheriff's Administration Building in FY 2021.

Business-type Activities: The County has completed the construction of the new waterline for the eastern part of the County (East Bend Water Line). The line is expected to be self-sustaining. The County maintains Highway 21 waterline and contracts with the Town of Jonesville for water purchase and customer billing. The County continues to lease the remaining water and sewer line to the Town of Yadkinville to operate and maintain; the Town of Yadkinville will collect all revenues from the line and bear all expenses.

Requests for Information

This financial report is designed to provide a general overview of Yadkin County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Officer, Yadkin County, 217 East Willow Street, Yadkinville, North Carolina 27055, or the Office of the County Manager at the same location.

BASIC
FINANCIAL STATEMENTS

Yadkin County, North Carolina
Statement of Net Position
June 30, 2020

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Yadkin County</u> <u>Tourism</u> <u>Development</u> <u>Authority</u>
ASSETS				
Cash and cash equivalents	\$ 19,907,125	\$ 883,049	\$ 20,790,174	\$ 53,493
Taxes receivable, net	562,581	-	562,581	-
Accounts Receivables, net	651,004	210,097	861,101	-
Notes receivable, net	362,721	-	362,721	-
Other receivable	-	-	-	-
Due from other governments	2,028,456	-	2,028,456	-
Internal balances	40,413	(40,413)	-	-
Restricted cash and cash equivalents	109,700	-	109,700	-
Inventories	-	21,466	21,466	-
Net pension asset - ROD	54,208	-	54,208	-
Capital assets:				-
Land, improvements, and construction in progress	9,159,191	278,462	9,437,653	-
Other capital assets, net of depreciation	43,429,688	9,970,968	53,400,656	-
Total capital assets	<u>52,588,879</u>	<u>10,249,430</u>	<u>62,838,309</u>	-
Total assets	<u>76,305,087</u>	<u>11,323,629</u>	<u>87,628,716</u>	<u>53,493</u>
DEFERRED OUTFLOWS OF RESOURCES	4,826,223	100,862	4,927,085	-
LIABILITIES				
Accounts payable and accrued expenses	1,394,377	120,237	1,514,614	992
Miscellaneous liabilities	861,280	-	861,280	-
Customer deposits	-	-	-	-
Accrued interest payable	105,448	-	105,448	-
Long-term liabilities:				-
Net Pension Liability - LGERS	4,270,758	82,878	4,353,636	-
Total Pension Liability - LEOSSA	518,228	-	518,228	-
Due within one year	3,530,371	7,359	3,537,730	-
Due in more than one year	26,456,541	3,821,220	30,277,761	-
Total long-term liabilities	<u>34,775,898</u>	<u>3,911,456</u>	<u>38,687,354</u>	-
Total liabilities	<u>37,137,003</u>	<u>4,031,693</u>	<u>41,168,696</u>	<u>992</u>
DEFERRED INFLOWS OF RESOURCES	480,864	5,868	486,732	
NET POSITION				
Net investment in capital assets	43,776,592	6,592,932	50,369,524	-
Restricted for:				
Stabilization by State Statute	2,745,319	-	2,745,319	-
Tourism promotion	-	-	-	-
Public safety	663,750	-	663,750	-
Register of Deeds pension plan	59,509	-	59,509	-
Unrestricted (deficit)	(3,731,727)	793,998	(2,937,729)	52,501
Total net position	<u>\$ 43,513,443</u>	<u>\$ 7,386,930</u>	<u>\$ 50,900,373</u>	<u>\$ 52,501</u>

**Yadkin County
Statement of Activities
June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Yadkin County Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 5,417,942	\$ 886,485	\$ 35,300	\$ -	\$ (4,496,157)	\$ -	\$ (4,496,157)	
Public safety	10,418,372	2,053,453	333,457	-	(8,031,462)	-	(8,031,462)	
Economic and physical development	794,135	516	12,560	-	(781,059)	-	(781,059)	
Human services	8,428,308	147,554	4,296,105	-	(3,984,649)	-	(3,984,649)	
Cultural and recreation	3,583,852	50,088	211,817	-	(3,321,947)	-	(3,321,947)	
Education	8,110,180	-	-	300,000	(7,810,180)	-	(7,810,180)	
Interest/Fees on long-term debt	634,424	-	-	-	(634,424)	-	(634,424)	
Total governmental activities	37,387,213	3,138,096	4,889,239	300,000	(29,059,878)	-	(29,059,878)	
Business-type activities:								
Water and Sewer Fund	736,688	376,458	-	-	-	(360,230)	(360,230)	
Landfill	2,303,429	2,178,580	102,707	2,213	-	(19,929)	(19,929)	
Total business-type activities	3,040,117	2,555,038	102,707	2,213	-	(380,159)	(380,159)	
Total primary government	\$ 40,427,330	\$ 5,693,134	\$ 4,991,946	\$ 302,213	\$ (29,059,878)	\$ (380,159)	\$ (29,440,037)	
Component Unit:								
Yadkin County TDA	\$ 52,943	\$ -	\$ -	\$ -				\$ (52,943)
Total component unit	\$ 52,943	\$ -	\$ -	\$ -				(52,943)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					22,668,934	-	22,668,934	-
Local option sales tax					8,746,382	-	8,746,382	-
Other taxes and licenses					368,690	-	368,690	24,740
Investment earnings, unrestricted					171,318	-	171,318	-
Miscellaneous, unrestricted					-	-	-	18,950
Transfers					45,645	(45,645)	-	-
Total general revenues					32,000,969	(45,645)	31,955,324	43,690
Change in net position					2,941,091	(425,804)	2,515,287	(9,253)
Net position, beginning					40,572,352	7,812,734	48,385,086	61,754
Net position, ending					\$ 43,513,443	\$ 7,386,930	\$ 50,900,373	\$ 52,501

**Yadkin County
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds			Nonmajor	Total
	General	Coronavirus Relief Fund	Capital Projects Fund	Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 13,768,135	\$ 861,280	\$ 3,111,670	\$ 935,208	\$ 18,676,293
Restricted cash	109,700	-	-	-	109,700
Taxes receivables, net	492,723	-	-	53,913	546,636
Accounts receivable, net	651,004	-	528,268	-	1,179,272
Other short-term receivable	362,721	-	-	-	362,721
Due from other governments	1,493,257	-	6,931	-	1,500,188
Due from other funds	40,413	-	-	-	40,413
Total assets	<u>16,917,953</u>	<u>861,280</u>	<u>3,646,869</u>	<u>989,121</u>	<u>22,415,223</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	720,402	-	339,067	70,779	1,130,248
Due to other funds	-	-	-	-	-
Unspent CARES Act Funding	-	861,280	-	-	861,280
Total liabilities	<u>720,402</u>	<u>861,280</u>	<u>339,067</u>	<u>70,779</u>	<u>1,991,528</u>
DEFERRED INFLOWS OF RESOURCES	<u>839,320</u>	<u>-</u>	<u>-</u>	<u>53,913</u>	<u>893,233</u>
Fund Balances:					
Restricted:					
Stabilization by State Statute	2,210,120	-	535,199	-	2,745,319
Restricted, all other	-	-	-	663,750	663,750
Committed:	1,196,982	-	2,772,603	200,679	4,170,264
Assigned:	2,000,000	-	-	-	2,000,000
Unassigned	9,951,129	-	-	-	9,951,129
Total fund balances	<u>15,358,231</u>	<u>-</u>	<u>3,307,802</u>	<u>864,429</u>	<u>19,530,462</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,917,953</u>	<u>\$ 861,280</u>	<u>\$ 3,646,869</u>	<u>\$ 989,121</u>	

Yadkin County
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Fund Balance - Governmental Funds	\$ 19,530,462
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (total capital assets on government-wide statement in governmental activities column)	71,821,388
Less accumulated depreciation	<u>(19,232,509)</u>
Net capital assets	52,588,879
Net Pension Asset (ROD)	54,208
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	945,667
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	17,814
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	329,905
Deferred outflows of resources:	
LGERS	1,546,471
Register of Deeds	5,082
LEOSSA	33,856
OPEB	1,947,428
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	15,945
Deferred inflows of resources reported in the government-wide statements but not the fund statements:	
LGERS	(64,584)
Register of Deeds	(2,614)
LEOSSA	(155,788)
OPEB	(248,556)
Deferred inflows of resources for taxes receivable, EMS receivables, and health receivables	883,911
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore reported in the fund statements:	
Bonds, leases, and installment financing	(21,479,852)
Compensated absences	(823,521)
Total pension liability (LEOSSA)	(518,228)
Total OPEB liability	(7,683,539)
Net Pension liability (LGERS)	(4,270,758)
Accrued interest payable	(105,448)
An internal service fund is used to charge the cost of medical insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position	<u>966,703</u>
Net position of governmental activities	<u><u>\$ 43,513,443</u></u>

The notes to the financial statements are an integral part of this statement.

Yadkin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds			Nonmajor Governmental Funds	Total
	General Fund	Coronavirus Relief Fund	Capital Projects Fund		
REVENUES					
Ad valorem taxes	\$ 20,549,401	\$ -	\$ -	\$ 2,205,792	\$ 22,755,193
Local option sales taxes	8,725,783	-	-	20,599	8,746,382
Other taxes and licenses	138,193	-	-	-	138,193
Unrestricted intergovernmental	234,149	-	-	-	234,149
Restricted intergovernmental	4,809,432	1,574	190,982	270,089	5,272,077
Permits and fees	464,992	-	-	-	464,992
Sales and services	2,398,089	-	-	-	2,398,089
Investment earnings	150,034	-	184	21,102	171,320
Miscellaneous	226,848	-	-	27,820	254,668
Total revenues	<u>37,696,921</u>	<u>1,574</u>	<u>191,166</u>	<u>2,545,402</u>	<u>40,435,063</u>
EXPENDITURES					
Current:					
General government	4,234,638	-	-	69,999	4,304,637
Public safety	9,885,085	-	2,628,152	2,476,610	14,989,847
Economic and physical development	564,282	-	-	24,740	589,022
Health and human services	8,135,577	1,574	-	-	8,137,151
Cultural and recreational	542,792	-	907,522	-	1,450,314
Education	8,110,180	-	-	-	8,110,180
Debt service:					
Principal	3,683,031	-	-	-	3,683,031
Interest and other charges	614,907	-	-	-	614,907
Total expenditures	<u>35,770,492</u>	<u>1,574</u>	<u>3,535,674</u>	<u>2,571,349</u>	<u>41,879,089</u>
Excess (deficiency) of revenues over expenditures	<u>1,926,429</u>	<u>-</u>	<u>(3,344,508)</u>	<u>(25,947)</u>	<u>(1,444,026)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	50,761	-	625,331	373,900	1,049,992
Transfers to other funds	(1,004,347)	-	-	-	(1,004,347)
Installment Purchase Obligations Issued	-	-	2,628,152	-	2,628,152
Total other financing sources (uses)	<u>(953,586)</u>	<u>-</u>	<u>3,253,483</u>	<u>373,900</u>	<u>2,673,797</u>
Net change in fund balance	<u>972,843</u>	<u>-</u>	<u>(91,025)</u>	<u>347,953</u>	<u>1,229,771</u>
Fund balances, beginning as previously reported	<u>14,385,388</u>	<u>-</u>	<u>3,398,827</u>	<u>516,476</u>	<u>18,300,691</u>
Fund balances, ending	<u>\$ 15,358,231</u>	<u>\$ -</u>	<u>\$ 3,307,802</u>	<u>\$ 864,429</u>	<u>\$ 19,530,462</u>

Yadkin County
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds	\$ 1,229,771
<p>Exhibit 4 reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit 2 reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:</p>	
Property taxes	(83,969)
Sales and services	(66,145)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense; rather, it is an increase in capital assets.	4,006,859
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,808,725)
Principal payments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	3,683,031
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(2,628,152)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	945,667
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	17,814
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	329,905
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	(2,290)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(19,517)
Compensated absences	(42,464)
OPEB Expense	(328,396)
Pension expense	(1,941,830)
The portion of Internal Service Fund activities change in net assets allocable to governmental activities is reported with governmental activities in the Statement of Activities	(350,468)
Total changes in net position of governmental activities	<u>\$ 2,941,091</u>

Yadkin County
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	General Fund				Coronavirus Relief Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:								
Ad valorem taxes	\$ 19,886,439	\$ 19,886,439	\$ 20,549,401	\$ 662,962	\$ -	\$ -	\$ -	\$ -
Local option sales tax	7,430,000	7,430,000	8,725,783	1,295,783	-	-	-	-
Other taxes and licenses	137,000	137,000	138,193	1,193	-	-	-	-
Unrestricted intergovernmental	211,439	234,152	234,149	(3)	-	-	-	-
Restricted intergovernmental	5,015,812	5,162,116	4,809,432	(352,684)	-	862,854	1,574	(861,280)
Permits and fees	405,000	406,000	464,992	58,992	-	-	-	-
Sales and services	2,271,035	2,273,715	2,398,089	124,374	-	-	-	-
Investment earnings	80,000	107,219	150,034	42,815	-	-	-	-
Miscellaneous	114,300	148,006	226,848	78,842	-	-	-	-
Total revenues	<u>35,551,025</u>	<u>35,784,647</u>	<u>37,696,921</u>	<u>1,912,274</u>	<u>-</u>	<u>862,854</u>	<u>1,574</u>	<u>(861,280)</u>
Expenditures:								
Current:								
General government	4,346,020	4,379,572	4,234,638	144,934	-	-	-	-
Public safety	10,541,329	10,635,281	9,885,085	750,196	-	-	-	-
Economic and physical	652,620	648,270	564,282	83,988	-	-	-	-
Human services	8,858,356	8,976,254	8,135,577	840,677	-	862,854	1,574	861,280
Cultural and recreational	579,879	584,000	542,792	41,208	-	-	-	-
Education	7,758,863	8,110,854	8,110,180	674	-	-	-	-
Debt service:								
Principal	3,567,488	3,683,038	3,683,031	7	-	-	-	-
Interest	587,790	614,921	614,907	14	-	-	-	-
Total expenditures	<u>36,892,345</u>	<u>37,632,190</u>	<u>35,770,492</u>	<u>1,861,698</u>	<u>-</u>	<u>862,854</u>	<u>1,574</u>	<u>861,280</u>
Revenues over (under) expenditures	<u>(1,341,320)</u>	<u>(1,847,543)</u>	<u>1,926,429</u>	<u>3,773,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Contributed Capital	-	-	-	-	-	-	-	-
Transfers to other funds	(163,900)	(1,004,347)	(1,004,347)	-	-	-	-	-
Transfers from other funds	-	50,761	50,761	-	-	-	-	-
Appropriated fund balance	1,505,220	2,801,129	-	(2,801,129)	-	-	-	-
Total other financing sources (uses)	<u>1,341,320</u>	<u>1,847,543</u>	<u>(953,586)</u>	<u>(2,801,129)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>972,843</u>	<u>\$ 972,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>14,385,388</u>				<u>-</u>	
Fund balance, end of year			<u>\$ 15,358,231</u>				<u>\$ -</u>	

Yadkin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities			Governmental
	Major			Activities
	Landfill Fund	Water and Sewer Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 883,049	\$ 883,049	\$ 1,230,832
Accounts receivable, net	173,975	36,122	210,097	-
Due from other governments	-	-	-	-
Inventories	-	21,466	21,466	-
Total current assets	<u>173,975</u>	<u>940,637</u>	<u>1,114,612</u>	<u>1,230,832</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	278,462	-	278,462	-
Other capital assets, net of depreciation	79,621	9,891,347	9,970,968	-
Total capital assets	<u>358,083</u>	<u>9,891,347</u>	<u>10,249,430</u>	<u>-</u>
Total assets	<u>532,058</u>	<u>10,831,984</u>	<u>11,364,042</u>	<u>1,230,832</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>77,353</u>	<u>23,509</u>	<u>100,862</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	105,089	15,148	120,237	264,129
Due to other funds	40,413	-	40,413	-
Accrued vacation benefits	4,743	2,615	7,359	-
Total current liabilities	<u>150,245</u>	<u>17,763</u>	<u>168,009</u>	<u>264,129</u>
Noncurrent liabilities:				
Compensated absences-acrued vacation	14,230	7,846	22,076	-
Net pension liability	53,053	29,825	82,878	-
Net OPEB liability	118,482	24,164	142,646	-
Long-term debt, non-current portion	-	3,656,498	3,656,498	-
Total noncurrent liabilities	<u>185,765</u>	<u>3,718,333</u>	<u>3,904,098</u>	<u>-</u>
Total liabilities	<u>336,010</u>	<u>3,736,096</u>	<u>4,072,106</u>	<u>264,129</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,635</u>	<u>1,233</u>	<u>5,868</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	358,083	6,234,849	6,592,932	-
Unrestricted	(89,317)	883,315	793,998	966,703
Total net position	<u>\$ 268,766</u>	<u>\$ 7,118,164</u>	<u>\$ 7,386,930</u>	<u>\$ 966,703</u>

The notes to the financial statements are an integral part of this statement.

Yadkin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities			Governmental
	Major			Activities
	Landfill Fund	Water and Sewer Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 2,178,580	\$ 376,458	\$ 2,555,038	\$ 2,716,005
OPERATING EXPENSES				
Solid Waste	2,228,319	-	2,228,319	-
Recycling	56,445	-	56,445	-
Water and Sewer	-	340,773	340,773	-
Group Insurance	-	-	-	3,066,473
Depreciation	18,665	395,915	414,580	-
Total operating expenses	<u>2,303,429</u>	<u>736,688</u>	<u>3,040,117</u>	<u>3,066,473</u>
Operating income (loss)	<u>(124,849)</u>	<u>(360,230)</u>	<u>(485,079)</u>	<u>(350,468)</u>
NONOPERATING REVENUES (EXPENSES)				
Solid waste disposal tax	29,654	-	29,654	-
Scrap tire disposal tax	56,207	-	56,207	-
White goods disposal tax	16,846	-	16,846	-
Total nonoperating revenues (expenses)	<u>102,707</u>	<u>-</u>	<u>102,707</u>	<u>-</u>
Income (loss) before contributions and transfers	(22,142)	(360,230)	(382,372)	(350,468)
Capital contributions	2,213	-	2,213	-
Transfer (to)/from other funds	5,116	(50,761)	(45,645)	-
Change in net position	<u>(14,813)</u>	<u>(410,991)</u>	<u>(425,804)</u>	<u>(350,468)</u>
Total net position, beginning	<u>283,579</u>	<u>7,529,155</u>	<u>7,812,734</u>	<u>1,317,171</u>
Total net position, ending	<u>\$ 268,766</u>	<u>\$ 7,118,164</u>	<u>\$ 7,386,930</u>	<u>\$ 966,703</u>

The notes to the financial statements are an integral part of this statement.

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Major</u>			<u>Activites</u>
	<u>Landfill</u>	<u>Water and</u>		<u>Internal Service</u>
	<u>Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 2,183,134	\$ 384,616	\$ 2,567,750	\$ 2,716,005
Cash paid for goods and services	(2,128,438)	(216,483)	(2,344,921)	(2,991,105)
Cash paid to employees for services	(237,680)	(117,894)	(355,574)	-
Net cash provided (used) by operating activities	<u>(182,984)</u>	<u>50,239</u>	<u>(132,745)</u>	<u>(275,100)</u>
Cash flows from noncapital financing activities:				
Intergovernmental non-operating revenues received	102,707	-	102,707	-
Increase (decrease) in due to other funds	40,413	-	40,413	-
Transfer from other funds	5,116	(50,761)	(45,645)	-
Net cash provided (used) by noncapital financing activities	<u>148,236</u>	<u>(50,761)</u>	<u>97,475</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Construction of capital assets	-	(9,801)	(9,801)	-
Proceeds from installment debt	-	-	-	-
Principal paid on installment debt	-	(197,528)	(197,528)	-
Capital contribution -federal and State grants	2,213	-	2,213	-
Net cash used by capital and related financing activities	<u>2,213</u>	<u>(207,329)</u>	<u>(205,116)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(32,535)	(207,851)	(240,386)	(275,100)
Cash and cash equivalents, beginning	<u>32,535</u>	<u>1,090,900</u>	<u>1,123,435</u>	<u>1,505,932</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 883,049</u>	<u>\$ 883,049</u>	<u>\$ 1,230,832</u>

Yadkin County
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Major</u>		<u>Total</u>	<u>Activities</u>
	<u>Landfill</u>	<u>Water and</u>		<u>Internal</u>
	<u>Fund</u>	<u>Sewer Fund</u>		<u>Service Fund</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (124,849)	\$ (360,230)	\$ (485,079)	\$ (350,468)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	18,665	395,915	414,580	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	4,554	8,069	12,623	-
(Increase) decrease in due from other government	-	89	89	-
(Increase) decrease in deferred outflows of resources - pensions	10,952	(3,576)	7,376	-
(Increase) decrease in deferred outflows of resources - OPEB	(8,049)	(669)	(8,718)	-
Increase (decrease) in accounts payable	(89,672)	(6,653)	(96,325)	75,368
Increase (decrease) in net pension liability	(244)	12,251	12,007	-
Increase (decrease) in total OPEB liability	5,593	1,141	6,734	-
Increase (decrease) in deferred inflows of resources - pensions	(620)	(18)	(638)	-
Increase (decrease) in deferred inflows of resources - OPEB	(958)	(195)	(1,153)	-
Increase (decrease) in accrued vacation benefits	1,644	4,115	5,759	-
Total adjustments	<u>(58,135)</u>	<u>410,469</u>	<u>352,334</u>	<u>75,368</u>
Net cash provided by (used in) operating activities	<u>\$ (182,984)</u>	<u>\$ 50,239</u>	<u>\$ (132,745)</u>	<u>\$ (275,100)</u>

The notes to the financial statements are an integral part of this statement.

Yadkin County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
Assets	
Cash and cash equivalents	\$ 192,620
Taxes Receivable	114,911
Total assets	\$ 307,531
 Liabilities and Net Position	
Liabilities:	
Other Liabilities	\$ 306,738
Intergovernmental payable	
State of North Carolina	793
Total liabilities	\$ 307,531

The notes to the financial statements are an integral part of this statement.

Yadkin County
Notes to the Financial Statements
June 30, 2020

NOTE I: Summary Of Significant Accounting Policies

The accounting policies of Yadkin County, North Carolina (the "County") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, a legally separate entity for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Yadkin County Tourism Development Authority

The Yadkin County Tourism Development Authority (the "TDA") was established in December 2007 to promote tourism in the County. The TDA has a June 30 year-end and is presented as if it is a separate fund of the County (discrete presentation). The County Commissioners appoint the TDA Board. The County is authorized under General Statute 105-164.4(a)(3) to collect an occupancy tax of 6% on gross revenues from hotel/motel room occupancy within the corporate limits. The collections are remitted to the Authority. The Authority is authorized to expend these funds to promote tourism to the Yadkin area. Complete financial statements for the Yadkin County Tourism Development Authority may be obtained at Yadkin County's administrative offices of 217 East Willow Street, Yadkinville, North Carolina 27055.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Coronavirus Relief Fund - account for resources provided by the State to assist with COVID relief.

Capital Project Fund. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for waste management and disposal, recycling services, and maintenance of closed disposal sites.

Water and Sewer Fund. This fund accounts for the operations and development of water and sewer lines within the County. A Capital Project fund has been established for the Water and Sewer Fund for the construction of water and sewer lines and water line extensions. This fund is consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Internal Service Fund. This fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County maintains one internal service fund, the Group Insurance Internal Service Fund.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Custodial Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Yadkin County Board of Education; the Flex Benefits Plan Fund, which accounts for funds held for the benefit of County employees; the Town Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but are not revenues to the County; and the Deed of Trust Fund (held by the state), which accounts for the \$5.00 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis.

Nonmajor Funds. The County maintains five legally budgeted funds. The Emergency Telephone System Fund, the Law Enforcement Fund, the Fire District Funds, and the Occupancy Tax Revenue Fund are reported as nonmajor special revenue funds, and the Vehicle Replacement Fund is reported as a nonmajor capital project fund.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Enterprise Funds, Vehicle Replacement Fund, and as required, for the special revenue funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Water and Sewer Capital Projects Fund, which is consolidated with the Water and Sewer Enterprise Operating Fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for the General Fund, special revenue and enterprise funds. The County Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000 between the line items within any department without Board oversight; however, any such transfers must be reported to the Board of Commissioners and recorded in the minutes. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County and TDA are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value. At June 30, 2020, the County did not have any investments in the Term Portfolio.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Money for tax revaluation is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Tax Revaluation	<u>\$ 109,700</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first in, first out), which approximates market. The inventory of the County's General Fund consists of expendable supplies and is recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The County has elected not to capitalize those interest costs that are incurred during the construction period of capital assets. The County's capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The County holds title to certain Yadkin County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Yadkin County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and infrastructures	20-50
Improvements	15-20
Sewer collection lines	40
Furniture and equipment	5-10
Fixed and moveable equipment	3-15
Vehicles and motor equipment	5-10
Computer equipment and software	3-5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meets this criterion - pension related deferrals, and contributions made to the OPEB or pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet this criterion - prepaid taxes, taxes receivable, EMS receivables, health receivables, and other OPEB or pension deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

10. Compensated Absences

Policy provides unlimited accrued vacation leave with a maximum of 240 hours at the end of the calendar year and a maximum payout of 240 hours upon separation, with such leave being fully vested when earned. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Vacation leave in excess of the 240 hours at the calendar year end is combined with the year-end balance of sick leave.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds - portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	General Fund	Capital Projects Fund	Other Governmental Funds
Restricted, all other:			
Stabilization by State Statute	\$ 2,210,120	\$ 535,199	\$ -
Public Safety	-	-	663,750
Total	<u>\$ 2,210,120</u>	<u>\$ 535,199</u>	<u>\$ 663,750</u>

Committed Fund Balance. This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove the limitation.

Committed for Tax Revaluation - represents the portion of fund balance committed by the governing body for use for the future tax revaluation.

Committed for Future School Capital Projects - represents the portion of fund balance committed by the governing body for future capital related purposes.

Committed for Land Acquisition - represents the portion of fund balance committed by the governing body for future property acquisitions.

Committed fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	General Fund	Capital Projects Fund	Nonmajor Governmental Fund
Committed, all other:			
Tax revaluation	\$ 109,700	\$ -	\$ -
Future capital projects	1,000,000	2,772,603	200,679
Land acquisition	87,282	-	-
Total	<u>\$ 1,196,982</u>	<u>\$ 2,772,603</u>	<u>\$ 200,679</u>

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. All assigned fund balance of the County falls under this classification.

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The finance officer will use resources in the following hierarchy: bond/debt proceeds, federal funds, State funds, local non-County funds and, lastly, County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The County has also adopted a fund balance policy as follows:

Unrestricted, Unassigned Fund Balances shall mean funds that remain available for appropriation by the Board of Commissioners after all commitments for future expenditures, required reserves by State statutes and previous Commissioner assignments have been calculated. The County will define these remaining amounts as “available fund balances.”

Available fund balances at the close of each fiscal year should be at least 15% of the Total Operating Budget of the County with a Targeted Policy equal to 20 %.

The County Board of Commissioners may, from time-to-time, appropriate fund balances that will reduce available fund balance below the 20.0% policy for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of Yadkin County. In such circumstances, after available fund balances have been calculated as part of closing-out a fiscal year, the Board will adopt a plan as part of the following year’s budget process to restore the available fund balance to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different, but appropriate time period.

The Board of Commissioners may take formal action at any open meeting to establish, modify or rescind a fund balance commitment. Committed fund balances do not lapse at the end of the fiscal year. The Board may take informal action to authorize a portion of fund balance for a particular purpose or program and designates similar authority to the County Manager. Assigned fund balances lapse at the end of the fiscal year unless these assignments are extended.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 15,358,231
Less:	
Stabilization by State Statute	(2,210,120)
Fund Balance available for appropriation	<u>\$ 13,148,111</u>
Available fund balance as a % of GF Expenditures	35.75%

12 Defined Benefit Cost-Sharing Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

13 Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE II: Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations

The County incurred expenditures over appropriations in the following department: Tax \$8,374. This excess was a result of the NCVTS fees increasing late in the year. It was too late to amend the budget once the amount of the fees were known.

NOTE III: Detail Notes On All Funds

**A. Assets
Deposits**

All of the County's and the TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralized public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institutions used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020 the County's deposits had a carrying amount of \$9,453,338 and a bank balance of \$9,970,316. Of the carrying amount, \$3,900 was cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance; the remaining \$9,720,316 was covered by collateral and held under the Pooling Method.

Investments

As of June 30, 2020, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 11,639,156	\$ 11,639,156	\$ -	\$ -

Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. The County has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The County does watch interest rates in the market and act accordingly as to their movement.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020.

Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2016	\$ 2,643,315	\$ 865,686	\$ 3,509,001
2017	2,975,690	706,726	3,682,416
2018	3,032,662	447,318	3,479,980
2019	3,058,129	175,842	3,233,971
Total	<u>\$ 11,709,796</u>	<u>\$ 2,195,572</u>	<u>\$ 13,905,368</u>

Receivables

Receivables at the government-wide level at June 30, 2020, were as follows:

	Accounts	Taxes	Interest Receivable	Due From Other Governments	Total
Governmental activities:					
Ad valorem taxes	\$ -	\$ 1,537,045	\$ 184	\$ -	\$ 1,537,229
Allowance for doubtful accounts	-	(1,028,377)	-	-	(1,028,377)
Ad valorem taxes, net	-	508,668	184	-	508,852
Fire district taxes	-	161,185	-	-	161,185
Allowance for doubtful accounts	-	(107,272)	-	-	(107,272)
Fire district taxes, net	-	53,913	-	-	53,913
Local option sales tax	-	-	-	1,374,439	1,374,439
Accounts receivable	456,472	-	-	-	456,472
Sales tax refund	-	-	-	125,749	125,749
Other accounts receivable	1,197,620	-	-	-	1,197,620
Allowance for doubtful accounts	(112,283)	-	-	-	(112,283)
Total governmental activities	\$ 1,541,809	\$ 562,581	\$ 184	\$ 1,500,188	\$ 3,604,762
Business-type activities:					
Landfill	\$ 335,500	\$ -	\$ -	\$ -	\$ 335,500
Allowance for doubtful accounts	(161,525)	-	-	-	(161,525)
Total Landfill	173,975	-	-	-	173,975
Water & Sewer	36,122	-	-	-	36,122
Total business-type activities	\$ 210,097	\$ -	\$ -	\$ -	\$ 210,097

Capital Assets

A summary of changes in the County's governmental capital assets follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,715,423	\$ -	\$ -	\$ 5,715,423
Construction in Progress	559,277	3,535,674	(651,183)	3,443,768
Total capital assets not depreciated	<u>6,274,700</u>	<u>3,535,674</u>	<u>(651,183)</u>	<u>9,159,191</u>
Capital assets being depreciated:				
Buildings and improvements	53,530,922	754,761	-	54,285,683
Furniture and equipment, software	4,325,634	5,642	-	4,331,276
Vehicles and motor equipment	3,806,132	361,965	(122,859)	4,045,238
Total capital assets being depreciated	<u>61,662,688</u>	<u>1,122,368</u>	<u>(122,859)</u>	<u>62,662,197</u>
Less accumulated depreciation for:				
Buildings and improvements	11,700,142	1,172,770	-	12,872,912
Furniture and equipment, software	3,228,215	192,573	-	3,420,788
Vehicles and motor equipment	2,618,286	443,382	(122,859)	2,938,809
Total accumulated depreciation	<u>17,546,643</u>	<u>1,808,725</u>	<u>(122,859)</u>	<u>19,232,509</u>
Total capital assets being depreciated, net	<u>\$ 50,390,745</u>	<u>\$ 2,849,317</u>	<u>\$ (651,183)</u>	<u>\$ 52,588,879</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 618,974
Public Safety	445,411
Economic and physical development	187,323
Human services	20,237
Cultural and recreation	536,780
Total depreciation expense	<u>\$ 1,808,725</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Landfill:				
Capital assets not being depreciated:				
Land	\$ 278,462	\$ -	\$ -	\$ 278,462
Capital assets being depreciated:				
Buildings	338,499	-	-	338,499
Land improvements	247,040	-	-	247,040
Furniture and moveable equipment	216,477	-	-	216,477
Total capital assets being depreciated	802,016	-	-	802,016
Less accumulated depreciation for:				
Buildings	280,506	13,669	-	294,175
Land improvements	219,330	2,437	-	221,767
Furniture and moveable equipment	203,894	2,559	-	206,453
Total accumulated depreciation	703,730	18,665	-	722,395
Total capital assets being depreciated, net	98,286	(18,665)	-	79,621
Landfill capital assets, net	\$ 376,748	\$ (18,665)	\$ -	\$ 358,083
Water and Sewer:				
Capital assets not being depreciated:				
Construction in Progress	4,079,962	9,801	(4,089,763)	-
Capital assets being depreciated:				
Sewer lines	3,799,599	-	-	3,799,599
Water lines	5,960,442	4,089,763	-	10,050,205
Total capital assets being depreciated	9,760,041	4,089,763	-	13,849,804
Less accumulated depreciation for:				
Sewer lines	1,301,285	94,990	-	1,396,275
Water lines	2,261,256	300,926	-	2,562,182
Total accumulated depreciation	3,562,541	395,916	-	3,958,457
Total depreciable capital assets, net	6,197,500	3,693,847	-	9,891,347
Water and sewer capital assets, net	10,277,462	3,703,648	(4,089,763)	9,891,347
Business-type activities capital assets, net	\$ 10,654,210	\$ 3,684,983	\$ (4,089,763)	\$ 10,249,430

Construction Commitments

The government has active construction projects as of June 30, 2020. The projects and amounts expended to date are as follows:

	Spent to Date	Remaining Commitment
Governmental Capital Projects		
Sheriff Department Administration Building	\$ 2,493,741	\$ 1,625,756
Total	\$ 2,493,741	\$ 1,625,756

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital Assets	\$ 52,588,879	\$ 10,249,430
Long-term debt	(21,479,852)	(3,656,498)
Long-term debt for assets not owned by the County	12,667,565	-
Net investment in capital assets	<u>\$ 43,776,592</u>	<u>\$ 6,592,932</u>

B. Liabilities

Accounts Payable

Accounts payable at Exhibit 1 at June 30, 2020 were as follows:

	Vendors	Accrued Salaries	Accrued Interest	Insurance Claims Incurred But Not Reported	Total
Governmental activities:					
General	\$ 922,002	\$ 208,246	\$ 105,448	\$ -	\$ 1,235,696
Other Governmental	409,846	-	-	-	409,846
Internal Service Fund	-	-	-	264,129	264,129
Total governmental activities	<u>\$ 1,331,848</u>	<u>\$ 208,246</u>	<u>\$ 105,448</u>	<u>\$ 264,129</u>	<u>\$ 1,909,671</u>
Business-type activities:					
Landfill	\$ 97,389	\$ 7,700	\$ -	\$ -	\$ 105,089
Water & Sewer	11,604	3,544	-	-	15,148
Total business-type activities	<u>\$ 108,993</u>	<u>\$ 11,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,237</u>

Pension Plan Obligations and Other Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.02% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$961,127 for the year ended June 30, 2020.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$4,353,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was 0.1594%, which was an increase of 0.0025% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,945,811. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 745,453	\$ -
Changes of assumptions	709,570	-
Net difference between projected and actual earnings on pension plan investments	106,191	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	15,271	65,837
County contributions subsequent to the measurement date	961,127	-
Total	<u>\$ 2,537,612</u>	<u>\$ 65,837</u>

\$961,127 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 767,498
2022	223,386
2023	400,591
2024	119,173
Thereafter	-
Total	<u>\$ 1,510,648</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.50 percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Health Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 9,957,561	\$ 4,353,636	\$ (304,361)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

Plan Description

Yadkin County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018 the Separation Allowance membership consisted of:

Retirees receiving benefits	4
Active plan members	38
Total	<u>42</u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent including inflation and productivity factor
Discount rate	3.26 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): Rp-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$36,295 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the County reported a total pension liability of \$518,228. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$25,656.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 135,482
Changes of assumptions and other inputs	33,856	20,306
County benefit payments and plan administrative expense made subsequent to the measurement date		
	17,814	-
Total	<u>\$ 51,670</u>	<u>\$ 155,788</u>

\$17,814 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (29,727)
2022	(29,280)
2023	(27,758)
2024	(21,603)
2025	(13,564)
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.26%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 571,692	\$ 518,228	\$ 470,482

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2020
Beginning balance	\$ 593,073
Service Cost	43,337
Interest on the total pension liability	20,927
Differences between expected and actual experience in the measurement of the total pension	(121,603)
Changes in assumptions or other inputs	18,789
Benefit payments	(36,295)
Ending balance of the total pension liability	\$ 518,228

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 (measurement date) to 3.26 percent at June 30, 2019.

Changes in Benefit Terms. Reported compensation adjusted to reflected the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County currently contributes five percent on behalf of all law enforcement employees. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$82,269 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,833 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the County reported an asset of \$54,208 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating RODSPF employers, actuarially determined. At June 30, 2019, the County's proportion was 0.2746%, which was a decrease of 0.0255% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$7,404. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,614
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	555	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	4,527	-
County contributions subsequent to the measurement date	2,833	-
Total	\$ 7,915	\$ 2,614

\$2,833 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 1,001
2022	1,770
2023	767
2024	(1,070)
2025	-
Thereafter	-
	<u>\$ 2,468</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (26,551)	\$ (54,208)	\$ (36,829)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 4,353,636	\$ (54,208)	\$ -	\$ 4,299,428
Proportion of the Net Pension Liability (Asset)	0.1594%	0.2746%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 518,228	\$ 518,228
Pension Expense	\$ 1,945,811	\$ 7,404	\$ 25,656	\$ 1,978,871

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 745,453	\$ -	\$ -	\$ 745,453
Changes of assumptions	709,570	-	33,856	743,426
Net difference between projected and actual earnings on pension plan investments	106,191	555	-	106,746
Change in proportion and differences between County contributions and proportionate share of contributions	15,271	4,527	-	19,798
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	961,127	2,833	17,814	981,774
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ -	\$ 2,614	\$ 135,482	\$ 138,096
Changes of assumptions	-	-	20,306	20,306
Changes in proportion and differences between County contributions and proportionate share of contributions	65,837	-	-	65,837

Other Postemployment Benefits

Plan Description. According to a County resolution, the County administers a single-employer, defined benefit plan, which provides healthcare benefits (the HCB Plan) to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and are eligible for unreduced retirement benefits under the system. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Effective for new employees hired after July 1, 2011, they must have five years of creditable service with the County and unreduced retirement benefits to be eligible for retiree healthcare. Effective March 1, 2017 new employees hired after this date must have ten years of creditable service to be eligible for this benefit. The system provides for unreduced retirement benefits for retirees age 65 regardless of years of service, for retirees age 60 that have at least 25 years of creditable service, and for retirees of any age with 30 years of creditable service. The County pays the full cost of coverage for these benefits. The County pays the premium for retirees at the same rate as active employees, which is 100% of employee cost. Once the retiree attains the age of Medicare eligibility or obtains other primary health insurance, the County no longer provides healthcare benefits. The retiree is expected to seek their medical coverage via the Medicare process. The County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	<u>Employees</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	43
Inactive Members Entitled to But Not Yet Receiving Benefits	-
Active Employees	276
Total	<u>319</u>

Total OPEB Liability

The County's total OPEB liability of \$7,826,185 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.5 - 7.75 percent, average, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 7,456,726</u>
Changes for the year	
Service cost	321,657
Interest	275,683
Changes of benefit terms	-
Differences between expected and actual experience	249,095
Changes in assumptions or other inputs	269,681
Benefit payments	<u>(746,657)</u>
Net Changes	<u>\$ 369,459</u>
Balance at June 30, 2020	<u><u>\$ 7,826,185</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	<u>\$ 8,577,514</u>	<u>\$ 7,826,185</u>	<u>\$ 7,159,186</u>

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,973,900	\$ 7,826,185	\$ 8,850,405

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the County recognized OPEB expense of \$341,658. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,660,042	\$ 101,529
Changes of assumptions	323,540	151,641
Benefit payments and administrative costs made subsequent to the measurement date	346,305	-
Total	<u>\$ 2,329,887</u>	<u>\$ 253,170</u>

\$346,305 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 238,832
2021	238,832
2022	238,832
2023	238,838
2024	302,126
Thereafter	472,952

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employees' 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions, OPEB - difference between expected and actual experience:		
LGERS	\$ 745,453	\$ -
Register of Deeds	-	2,614
LEOSSA	-	135,482
OPEB	1,660,042	101,529
Changes of assumptions		
LGERS	709,570	-
Register of Deeds	-	-
LEOSSA	33,856	20,306
OPEB	323,540	151,641
Pensions, OPEB - difference between projected and actual investment earnings		
LGERS	106,191	-
Register of Deeds	555	-
OPEB	-	-
Pensions, OPEB - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	15,271	65,837
Register of Deeds	4,527	-
Contributions to pension plan		
LGERS	961,127	-
Register of Deeds	2,833	-
LEOSSA	17,814	-
Benefit payments for the OPEB plan paid subsequent to measurement date	346,305	-
Prepaid taxes not yet earned (General)	-	9,322
Taxes receivable, net (General)	-	492,723
Taxes receivable, net (Special Revenue)	-	53,913
EMS receivable (General)	-	330,129
Other receivable (General)	-	6,242
Health receivable (General)	-	905
Total	<u>\$ 4,927,084</u>	<u>\$ 1,370,643</u>

5. Risk Management

The County is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtained property coverage equal to replacement cost values of owned real property subject to a limit of \$23.1 million for any one occurrence; general liability, auto, professional, and employment practices liability coverage of \$2 million per occurrence; and automobile liability coverage of \$2 million for owned autos. The County maintains workers' compensation coverage up to the statutory limits and group health for County employees.

In accordance with G.S. 159-29, the County Finance Officer and the Tax Collector are individually bonded for \$250,000. The Sheriff, County Attorney, and Register of Deeds are individually bonded for \$25,000 each. County employees that have access to funds of more than \$100 are bonded under a blanket government crime protection policy with a limit of \$250,000 per crime loss and a \$500 deductible per crime loss.

The County provides health insurance benefits in its Group Insurance Internal Service Fund. This self-funded program, supplemented by employee contributions, pays the medical claims of employees and their covered dependents, up to certain stop-loss limits. Insurance has been purchased from BCBS to cover expenses that exceed certain dollar amounts on a \$125,000 per occurrence, per employee, and aggregate (total) basis. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but are not reported (IBNRs) based upon historical experience. Settled claims did not exceed self-retained or purchased insurance coverage in the current year.

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$ 188,761	\$ 298,895
Incurred claims	2,337,170	1,977,867
Claim payments	<u>(2,261,802)</u>	<u>(2,088,001)</u>
Unpaid claims, ending	<u>\$ 264,129</u>	<u>\$ 188,761</u>

Long-Term Obligations

Installment Purchase Contracts

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed various property acquisitions in a direct placement for use by Yadkin County Board of Education during the fiscal years ended June 30, 2008, 2005, and 2003 by installment purchases. The installment purchases were issued pursuant to deeds of trust which require that legal title remain with the County as long as the debts are outstanding because the property is pledged as collateral for the debt. The County entered into lease agreements with the Yadkin County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The leases call for nominal annual lease payments and also contain bargain purchase options. The lease terms are the same as that of the related installment purchase obligations. Due to the economic substance of the transactions, the capital assets associated with the installment purchase obligations are recorded by the Board of Education.

Serviced by General Fund:

\$4,708,520 direct placement contract for various construction projects by the Yadkin County Board of Education, construction of two EMS Base Stations, and refunding monies for animal shelter; financed for 8 years at 2.13%; due in semi-annual installments. Equipment stands as collateral for the loan. \$ 294,277

\$17,500,000 direct placement contract to fund a portion of the costs of construction and acquisition of furniture and equipment for two new middle schools; financed for 19.5 years at 3.83%; due in semi-annual installments. This debt was refinanced in January 2017. Terms of 12 years at interest rate of 2.97%, due in semi-annual installments. Property stands as collateral for the loan. 12,400,000

\$6,815,836 direct placement contract to fund a portion of construction project for flood control and water supply facility on South Deep Creek; financed for 11 years at 2.28%; due in semi-annual payments. Property stands as collateral for the loan. 2,134,855

Serviced by General Fund (continued):

\$6,419,000 direct placement contract to fund a portion of a construction project for a new County jail; financed for 13 years at 2.34%; due in semi-annual payments. Property stands as collateral for the loan. 2,607,968

\$3,060,300 direct placement contract to fund a portion of a construction project for the Yadkin Valley Agriculture Center; financed for 10 years at 2.28%; due in semi-annual payments. Property stands as collateral for the loan. 1,530,150

\$4,622,000 direct placement contract to fund construction of a Sheriff administration building; financed for 20 years at 2.94%; due in semi-annual payments. This is a drawdown loan; only \$2,628,152 had been received by the County as of June 30, 2020. Property stands as collateral for the loan. 2,512,602

Total serviced by General Fund \$ 21,479,852

The future payments as of June 30, 2020 are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 3,530,371	\$ 730,254
2022	3,262,772	627,300
2023	3,290,075	526,860
2024	2,998,968	425,786
2025	2,390,569	335,016
2026-2030	5,805,500	727,820
2031-2035	201,597	62,848
Total	<u><u>\$ 21,479,852</u></u>	<u><u>\$ 3,435,884</u></u>

Serviced by Enterprise Fund:

Water and Sewer Fund:

\$4,175,000 direct borrowing contract with North Carolina Drinking Water State Revolving Fund issued March 16, 2017 for waterlines; financed for 20 years; due in annual payments of \$208,750, no interest, starting in 2019. \$ 3,656,498

The future minimum payments as of June 30, 2020 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 203,139	\$ -
2022	203,139	-
2023	203,139	-
2024	203,139	-
2025	203,139	-
2026-2030	1,015,694	-
2031-2035	1,015,694	-
2036-2040	609,415	-
Total	<u><u>\$ 3,656,498</u></u>	<u><u>\$ -</u></u>

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

f. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Direct Placement Installment purchase obligations	\$ 22,534,731	\$ 2,628,152	\$ 3,683,031	\$ 21,479,852	\$ 3,530,371
Net pension liability (LGERS)	3,652,045	618,713	-	4,270,758	-
Total pension liability (LEOSSA)	593,073	-	74,845	518,228	-
Compensated absences	781,057	42,464	-	823,521	205,880
Total OPEB Liability	7,320,814	362,725	-	7,683,539	-
Total governmental activities	\$ 34,881,720	\$ 3,289,329	\$ 3,757,876	\$ 34,775,898	\$ 3,736,251
Business-Type Activities:					
Water and Sewer Fund:					
Compensated Absences	\$ 6,346	\$ 4,115	\$ -	\$ 10,461	\$ 2,615
Direct Borrowing Installment purchase obligations	3,854,025	-	197,527	3,656,498	203,139
Net pension liability (LGERS)	17,574	12,251	-	29,825	-
Total OPEB Liability	23,023	1,141	-	24,164	-
Total Water and Sewer	3,900,968	17,507	197,527	3,720,948	205,754
Landfill Fund					
Compensated Absences	17,329	1,644	-	18,973	4,743
Net pension liability (LGERS)	53,297	-	244	53,053	-
Total OPEB Liability	112,889	5,593	-	118,482	-
Total Landfill	183,515	7,237	244	190,508	4,743
Total business type activities	\$ 4,084,483	\$ 24,744	\$ 197,771	\$ 3,911,456	\$ 210,498

Compensated absences, net pension obligation, and net OPEB liability have been liquidated in the General Fund. Compensated absences are account for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2020, the County had a legal debt margin of \$226,376,521.

C. **Interfund Balances and Activity**

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

Transfer from the General Fund to the Vehicle Replacement fund to provide resources for capital purchases.	\$ 210,000
Transfer from the East Bend Capital Project fund to the General Fund to close out the East Bend waterline project.	50,761
Transfer from the East Bend Capital Project fund to the Water and Sewer Fund to return funds not used for the project.	1,000,000
Transfer from the General Fund to the Capital Project fund to appropriate funds for the PARTF Phase II Project.	625,331
Transfer from the General Fund to the Volunteer Fire Departments to transfer respective share of sales tax.	163,900
Transfer from the General Fund to the Landfill to transfer insurance payment from storm damage on scale house.	5,116
	<hr/>
Total Transfers	<u><u>\$ 2,055,108</u></u>

NOTE IV: Joint Ventures

Partners Behavioral Health Management

Partners Behavioral Health Management, oversees the publicly-funded healthcare service systems for residents of Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Rutherford, Surry, and Yadkin counties. The County appoints two members to the 21-member Board. Partners is a joint venture established to provide the participating counties with mental health and substance abuse services. The County has an ongoing financial responsibility for Partners because Partners' continued existence depends on the participating governments' continued funding. The County contributed approximately \$118,000 to Partners during the fiscal year ended June 30, 2020. None of the participating governments have any equity interest in Partners, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for Partners can be obtained from Partners' administrative office at 910 S. New Hope Road Gastonia, North Carolina.

Northwestern Regional Library

The County also participates in a joint venture to operate Northwestern Regional Library with three other local governments (Alleghany, Surry, and Stokes counties). The County appoints three members to the 13-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$433,839 to the Library System to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Front Street, Elkin, North Carolina.

NOTE V: Jointly Governed Organizations

Piedmont Triad Regional Council

The County, in conjunction with 11 other counties and 62 municipalities, established the Piedmont Triad Regional Council (Council) effective July 1, 2012. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$94,000 to the Council during the fiscal year ended June 30, 2020.

NOTE VI: Other Receivables - Hoots Memorial Hospital, Inc.

On April 1, 2010, the County loaned the Hospital \$400,000 with repayment terms of 12 monthly payments of approximately \$35,000 including 5% interest. The terms of the sale of the hospital's operations required the buyer to assume this obligation on July 1, 2010. The balance of the loan, \$400,000, was reported as a short-term receivable on the County's General Fund balance sheet and governmental activities' Statement of Net Position as of June 30, 2010. On July 1, 2010, the payment terms were modified to eight monthly installments of \$51,416, including interest at 5%. HMC/CAH, purchaser of the Hospital, made one partial payment on the loan. The parent company of the Yadkin Valley Community Hospital also filed for bankruptcy in early fiscal year 2012, and this receivable is included in the bankruptcy repayment plan. At June 30, 2020, the amount owed on this receivable due to the County was \$362,721.

NOTE VII: Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE VIII: Significant Effects of Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through October 1, 2020, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

Schedule of County's Proportionate Share of Net Pension Asset (LGERS)

Schedule of County Contributions (LGERS)

Schedule of County's Proportionate Share of Net Pension Asset (ROD)

Schedule of County Contributions (ROD)

Schedule of Changes in Total Pension Liability (LEO)

Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)

Schedule of County Contributions (OPEB)

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Seven Fiscal Years*

Local Government Employees' Retirement System							
	2020	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (%)	0.159%	0.157%	0.167%	0.164%	0.153%	0.149%	0.158%
County's proportionate share of the net pension liability (\$)	\$ 4,353,636	\$ 3,722,916	\$ 2,552,367	\$ 3,474,687	\$ 684,815	\$ (876,187)	\$ 1,900,891
County's covered payroll	\$ 10,259,834	\$ 9,945,667	\$ 10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225	\$ 8,798,084
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.43%	37.43%	24.63%	36.64%	7.47%	-9.73%	21.61%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for the fiscal year were determined as of June 30.

Yadkin County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Seven Fiscal Years

Local Government Employees' Retirement System							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 961,127	\$ 813,578	\$ 763,874	\$ 772,043	\$ 646,278	\$ 651,854	\$ 635,940
Contributions in relation to the contractually required contribution	961,127	813,578	763,874	772,043	646,278	651,854	635,940
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Yadkin County; covered payroll	\$ 10,530,790	\$ 10,259,834	\$ 9,945,667	\$ 10,364,740	\$ 9,483,593	\$ 9,171,663	\$ 9,009,225
Contributions as a percentage of covered payroll	9.13%	7.93%	7.68%	7.45%	6.81%	7.11%	7.06%

Yadkin County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years*

Local Government Employees' Retirement System							
	2020	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension (asset) liability (%)	0.275%	0.300%	0.311%	0.320%	0.309%	0.315%	0.293%
County's proportionate share of the net pension (asset) liability (\$)	\$ (54,208)	\$ (49,704)	\$ (53,165)	\$ (59,859)	\$ (71,721)	\$ (71,434)	\$ (62,685)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for the fiscal year were determined as of June 30.

**Yadkin County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years***

Local Government Employees' Retirement System							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's required contribution	\$ 2,833	\$ 3,907	\$ 3,688	\$ 2,706	\$ 2,616	\$ 2,462	\$ 2,573
Contributions in relation to contractually required contribution	2,833	3,907	3,688	2,706	2,616	2,462	2,573
Contribution deficiency (excess)	<u>\$ -</u>						

Yadkin County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 593,073	\$ 639,467	\$ 626,059	\$650,285
Service cost	43,337	46,280	37,247	39,805
Interest on the total pension liability	20,927	19,321	23,136	21,954
Difference between expected and actual experience	(121,603)	(31,165)	(34,456)	-
Changes of assumptions and other inputs	18,789	(24,713)	40,868	(15,339)
Benefit payments	<u>(36,295)</u>	<u>(56,117)</u>	<u>(53,387)</u>	<u>(70,646)</u>
Ending balance of total pension liability	<u>\$ 518,228</u>	<u>\$ 593,073</u>	<u>\$ 639,467</u>	<u>\$ 626,059</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Yadkin County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 518,228	\$ 593,073	\$ 639,467	\$ 626,059
Covered payroll	1,715,483	1,680,167	1,652,332	1,586,114
Total pension liability as a percentage of covered payroll	30.21%	35.30%	38.70%	39.47%

Notes to the schedules:

Yadkin County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Yadkin County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 321,657	\$ 229,054	\$ 246,436
Interest	275,683	191,535	173,706
Changes of benefit terms	-	(80,097)	-
Differences between expected and actual experience	249,095	1,893,807	(177,678)
Changes of assumptions	269,681	113,197	(265,374)
Benefit payments	<u>(746,657)</u>	<u>(537,238)</u>	<u>(201,691)</u>
Net change in total OPEB liability	369,459	1,810,258	(224,601)
Total OPEB liability - beginning	<u>7,456,726</u>	<u>5,646,468</u>	<u>5,871,069</u>
Total OPEB liability - ending	<u><u>\$ 7,826,185</u></u>	<u><u>\$ 7,456,726</u></u>	<u><u>\$ 5,646,468</u></u>
Covered payroll	\$ 10,564,860	\$ 10,564,860	\$ 8,448,108
Total OPEB liability as a percentage of covered payroll	74.08%	70.58%	66.84%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 19,706,439	\$ 20,353,705	\$ 647,266
Penalties and interest	180,000	195,696	15,696
Total	<u>19,886,439</u>	<u>20,549,401</u>	<u>662,962</u>
Local option sales tax:			
Article 39 and 44	3,260,000	3,672,068	412,068
Article 40 one - half of one percent	2,500,000	2,658,404	158,404
Article 42 one - half of one percent	1,270,000	1,458,552	188,552
Medicaid hold harmless payment	400,000	936,759	536,759
Total	<u>7,430,000</u>	<u>8,725,783</u>	<u>1,295,783</u>
Other taxes & licenses:			
Unfortified wine tax	137,000	138,193	1,193
Unrestricted intergovernmental:			
State aid to counties	79,113	79,113	-
Rural general public	84,318	84,316	(2)
Senior citizens exemptions	70,721	70,720	(1)
Total	<u>234,152</u>	<u>234,149</u>	<u>(3)</u>
Restricted intergovernmental:			
Federal and State grants	5,105,116	4,754,908	(350,208)
Court facilities fees	57,000	54,524	(2,476)
Total	<u>5,162,116</u>	<u>4,809,432</u>	<u>(352,684)</u>
Permits and fees:			
Building permits and inspection fees	120,000	170,541	50,541
Fire inspection fees	50,000	20,450	(29,550)
Register of Deeds	215,000	257,987	42,987
Other permits and fees	21,000	16,014	(4,986)
Total	<u>406,000</u>	<u>464,992</u>	<u>58,992</u>
Sales and services:			
Rents, concessions, and fees	194,100	187,911	(6,189)
Ambulance fees	1,315,000	1,353,843	38,843
Jail fees	109,680	178,362	68,682
Sheriff's fees	72,500	95,614	23,114
Court costs and officer's fees	22,000	25,102	3,102
Liaison officer program	175,000	133,317	(41,683)
Environmental health fees	100,000	120,196	20,196
Recreation fees	64,600	50,088	(14,512)
Other fees	220,835	253,656	32,821
Total	<u>2,273,715</u>	<u>2,398,089</u>	<u>124,374</u>

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Investment earnings	107,219	150,034	42,815
Miscellaneous:			
Cablevision fees	79,000	71,330	(7,670)
Miscellaneous	69,006	155,518	86,512
Total	148,006	226,848	78,842
Total revenues	35,784,647	37,696,921	1,912,274
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		12,917	
Operating expenses		64,288	
Total	79,525	77,205	2,320
Administration:			
Salaries and benefits		461,781	
Operating expenses		33,963	
Capital outlay			
Total	496,366	495,744	622
Elections:			
Salaries and benefits		129,812	
Operating expenses		63,170	
Total	208,905	192,982	15,923
Finance:			
Salaries and benefits		183,076	
Operating expenses		16,455	
Capital outlay		-	
Total	201,562	199,531	2,031
Professional Services:			
Contracted Services	780,110	697,765	82,345
Information Services:			
Salaries and benefits		332,634	
Operating expenses		7,882	
Total	346,293	340,516	5,777
Tax Assessor:			
Salaries and benefits		338,251	
Operating expenses		138,655	
Capital outlay			
Total	467,247	476,906	(9,659)

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revaluation:			
Salaries and benefits		252,786	
Operating expenses		15,172	
Other operating expenditures			
Total	<u>269,243</u>	<u>267,958</u>	<u>1,285</u>
Tax Department	<u>736,490</u>	<u>744,864</u>	<u>(8,374)</u>
License Plate Agency:			
Salaries and benefits		86,841	
Operating expenses		1,137	
Total	<u>88,579</u>	<u>87,978</u>	<u>601</u>
Register of Deeds:			
Salaries and benefits		198,259	
Operating expenses		58,440	
Total	<u>259,519</u>	<u>256,699</u>	<u>2,820</u>
Public Buildings:			
Salaries and benefits		235,742	
Operating expenses		226,302	
Capital outlay		2,273	
Total	<u>482,551</u>	<u>464,317</u>	<u>18,234</u>
Hospital:			
Salaries and benefits		88,541	
Operating expenses		131,447	
Total	<u>222,601</u>	<u>219,988</u>	<u>2,613</u>
Court Facilities:			
Salaries and benefits	<u>57,000</u>	<u>50,351</u>	<u>6,649</u>
Other Non-Departmental	<u>420,071</u>	<u>406,698</u>	<u>13,373</u>
Total General Government	<u>4,379,572</u>	<u>4,234,638</u>	<u>144,934</u>
Public Safety:			
Sheriff:			
Salaries and benefits		2,576,040	
Operating expenses		485,378	
Capital outlay		2,760	
Total	<u>3,277,698</u>	<u>3,064,178</u>	<u>213,520</u>

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Communications			
Salaries and benefits		652,683	
Operating expenses		12,138	
Total	704,685	664,821	39,864
Jail:			
Salaries and benefits		1,157,212	
Operating expenses		698,494	
Total	2,054,994	1,855,706	199,288
Liaison Officer:			
Salaries and benefits		240,481	
Operating expenses		-	
Total	249,196	240,481	8,715
Total Sheriff	6,286,573	5,825,186	461,387
Emergency Medical Services:			
Salaries and benefits		2,628,320	
Operating expenses		449,844	
Capital outlay		208,809	
Total	3,443,940	3,286,973	156,967
Fire Marshal:			
Salaries and benefits		111,440	
Operating expenses		29,467	
Capital outlay		-	
Total	185,622	140,907	44,715
Total Emergency Services	3,629,562	3,427,880	201,682
COVID - Public Health			
Salaries and benefits		-	
Operating expenses		-	
Total	59,802	-	59,802
Animal Shelter			
Salaries and benefits		167,800	
Operating expenses		68,934	
Total	253,014	236,734	16,280
Medical Examiner:			
Contracted Services	30,000	27,000	3,000

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Building Inspections:			
Salaries and benefits		346,266	
Operating expenses		22,019	
Total	376,330	368,285	8,045
Total Public Safety	10,635,281	9,885,085	690,394
Cooperative Extension Service:			
Operating expenses	189,565	167,175	22,390
Soil and Water Conservation:			
Salaries and benefits		168,518	
Operating expenses		85,089	
Capital outlay		-	
Total	315,205	253,607	61,598
Economic Development:			
Operating expenses	76,500	76,500	-
Economic Development Projects:			
Total	67,000	67,000	-
Total Economic and Physical Development	648,270	564,282	83,988
Human Services:			
Health:			
Administration:			
Salaries and benefits		216,685	
Operating expenses		140,458	
Capital outlay		-	
Total	398,363	357,143	41,220
Nursing and Medical:			
Salaries and benefits		93,998	
Operating expenses		27,015	
Capital outlay		-	
Total	154,653	121,013	33,640
Preparedness:			
Salaries and benefits		39,915	
Operating expenses		23,985	
Capital outlay		-	
Total	78,317	63,900	14,417

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Tuberculosis:			
Operating expenses	1,692	20	1,672
Environmental Health:			
Salaries and benefits		187,791	
Operating expenses		21,753	
Total	223,560	209,544	14,016
Child Health:			
Salaries and benefits		150,315	
Operating expenses		22,957	
Total	206,712	173,272	33,440
Maternal Health:			
Salaries and benefits		66,678	
Operating expenses		21,797	
Total	97,260	88,475	8,785
Family Planning:			
Salaries and benefits		99,697	
Operating expenses		32,982	
Total	143,163	132,679	10,484
Women, Infants, and Children:			
Salaries and benefits		193,497	
Operating expenses		6,610	
Total	206,866	200,107	6,759
Health Education			
Salaries and benefits		47,017	
Operating expenses		14,655	
Total	62,706	61,672	1,034
Total Health	1,573,292	1,407,825	165,467
Social Services:			
Administration:			
Salaries and benefits		3,521,180	
Operating expenses		251,911	
Capital outlay		10,982	
Total	3,920,495	3,784,073	136,422
Assistance Programs:			
Operating Expenses	1,607,744	1,167,550	440,194

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
County Portion - Aid			
Operating expenses	362,910	319,982	42,928
Total social services	5,891,149	5,271,605	619,544
Other Human Services:			
Operating expenses	1,181,103	1,143,284	37,819
Veterans Services:			
Salaries and benefits		47,902	
Operating expenses		1,587	
Total	57,695	49,489	8,206
Juvenile Crime Prevention Council:			
Operating expenses	155,015	145,374	9,641
Mental Health:			
Contribution to Partners Behavioral Health	118,000	118,000	
Total other human services	1,511,813	1,456,147	55,666
Total Human Services	8,976,254	8,135,577	840,677
Cultural and Recreation:			
Recreational:			
Salaries and benefits		385,520	
Operating expenses		157,272	
Capital outlay		-	
Total	584,000	542,792	41,208
Total Cultural and Recreational	584,000	542,792	41,208
Education:			
Public Schools:			
Current expense		7,146,494	
Capital outlay		570,885	
Total	7,717,379	7,717,379	-
Community College:			
Current expense	393,475	392,801	674
Total Education	8,110,854	8,110,180	674

Yadkin County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal	3,683,038	3,683,031	7
Interest	614,921	614,907	14
Total debt service	<u>4,297,959</u>	<u>4,297,938</u>	<u>21</u>
Total expenditures	<u>37,632,190</u>	<u>35,770,492</u>	<u>1,801,896</u>
Revenue over (under) expenditures	<u>(1,847,543)</u>	<u>1,926,429</u>	<u>3,714,170</u>
Other financing sources (uses):			
Contributed Capital	-	-	-
Transfers to other funds:			
Fire Departments	(163,900)	(163,900)	-
Capital Projects Fund	(835,331)	(835,331)	-
Enterprise Fund	(5,116)	(5,116)	-
Transfers from other funds:			
Capital Projects Fund	50,761	50,761	-
Total other financing sources (uses)	<u>(953,586)</u>	<u>(953,586)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,801,129)	972,843	3,714,170
Fund balance appropriated	<u>2,801,129</u>	<u>-</u>	<u>(2,801,129)</u>
Net change in fund balance	<u>\$ -</u>	972,843	<u>\$ 913,041</u>
Fund balance, beginning		<u>14,385,388</u>	
Fund balance, ending		<u>\$ 15,358,231</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Special Revenue Fund -

Coronavirus Relief Fund - account for resources provided by the State to assist with COVID relief.

Capital Project Fund -

Capital Projects Fund - account for various governmental capital projects.

Yadkin County
Coronavirus Relief Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	Final Budget	Actual	Variance Over/Under
Revenues:			
CARES Act Funding	\$ 862,854	\$ 1,574	\$ (861,280)
Expenditures:			
Human Services			
Public Health Expenses	250,000	1,574	248,426
Medical Expenses	198,000	-	198,000
Payroll Expenses	171,749	-	171,749
Compliance Expenses	222,000	-	222,000
Town Reimbursements	21,105	-	21,105
Total expenses	862,854	1,574	861,280
Revenues over (under) expenditures	-	-	-
Other Financing Sources(Uses):			
Transfer from General Fund	-	-	-
Appropriated Fund Balance	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund Balance:			
Beginning of year - July 1		-	
End of year - June 30		\$ -	

Yadkin County
Major Fund - Capital Projects Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Out Projects		
Revenues:						
New Generations:						
Town of Elkin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Memorial Park Grant						
RTP Grant	8,960	80,630	8,960	-	89,590	(80,630)
PartF Grant	250,000	-	182,022	-	182,022	67,978
Golden Leaf Grant	-	-	-	-	-	-
Investment earnings - other	-	-	184	-	184	(184)
Total revenues	<u>258,960</u>	<u>80,630</u>	<u>191,166</u>	<u>-</u>	<u>271,796</u>	<u>(12,836)</u>
Expenditures:						
Memorial Park Grant						
Professional services	12,250	750	-	(750)	-	12,250
Land acquisition	85,000	-	-	-	-	85,000
Construction	45,101	280,934	21,662	(302,596)	-	45,101
Ball Fields						
Construction	118,500	90,000	118,500	(208,500)	-	118,500
5d Phase 2						
Professional services	27,474	48,256	19,564	-	67,820	(40,346)
Construction	998,090	-	744,756	-	744,756	253,334
Equipment	25,000	-	3,040	-	3,040	21,960
Contingency	40,900	-	-	-	-	40,900
Sheriff Department						
Professional services	246,000	-	58,817	-	58,817	187,183
Construction	4,176,000	-	2,569,335	-	2,569,335	1,606,665
Furniture and equipment	100,000	-	-	-	-	100,000
Contingency	100,000	-	-	-	-	100,000
Total expenditures	<u>5,974,315</u>	<u>419,940</u>	<u>3,535,674</u>	<u>(511,846)</u>	<u>3,443,768</u>	<u>2,530,547</u>
Revenues over (under) expenditures	(5,715,355)	(339,310)	(3,344,508)	511,846	(3,171,972)	(2,543,383)
Other Financing Sources (Uses):						
From General Fund:						
Memorial Park	-	245,345	-	-	245,345	(245,345)
5-D Watershed Phase 2	625,331	264,389	625,331	-	889,720	(264,389)
To General Fund						
Yadkin County Agricultural and Education Bldg	-	(280,139)	-	-	(280,139)	280,139
Installment Purchase Obligations Issued:						
Sheriff Admin Building	4,622,000	-	2,628,152	-	2,628,152	1,993,848
Appropriated Fund Balance	378,924	-	-	-	-	378,924
Total Other Financing Sources (Uses)	<u>5,715,355</u>	<u>229,595</u>	<u>3,253,483</u>	<u>-</u>	<u>3,483,078</u>	<u>2,232,277</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (109,715)</u>	<u>(91,025)</u>	<u>\$ 511,846</u>	<u>\$ 311,106</u>	<u>\$ (311,106)</u>
Fund balance, beginning			<u>3,398,827</u>			
Fund balance, ending			<u>\$ 3,307,802</u>			

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds.

Yadkin County
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 664,530	\$ 270,678	\$ 935,208
Taxes receivable, net	53,913	-	53,913
Accounts receivable, net	-	-	-
Total assets	<u>\$ 718,443</u>	<u>\$ 270,678</u>	<u>\$ 989,121</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 780</u>	<u>\$ 69,999</u>	<u>\$ 70,779</u>
Deferred Inflows of Resources			
Taxes receivables	<u>53,913</u>	<u>-</u>	<u>53,913</u>
Fund Balances:			
Restricted for Stabilization by State statute	-	-	-
Restricted for public safety	663,750	-	663,750
Committed	-	200,679	200,679
Total fund balances	<u>663,750</u>	<u>200,679</u>	<u>864,429</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 718,443</u>	<u>\$ 270,678</u>	<u>\$ 989,121</u>

Yadkin County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 2,205,792	\$ -	\$ 2,205,792
Sales tax	20,599	-	20,599
Restricted intergovernmental	270,089	-	270,089
Interest earned	21,102	-	21,102
Miscellaneous revenues	24,740	3,080	27,820
Total revenues	<u>2,542,322</u>	<u>3,080</u>	<u>2,545,402</u>
Expenditures:			
General government	-	69,999	69,999
Public safety	2,476,610	-	2,476,610
Human services	-	-	-
Economic and physical development	24,740	-	24,740
Total expenditures	<u>2,501,350</u>	<u>69,999</u>	<u>2,571,349</u>
Revenues over (under) expenditures	40,972	(66,919)	(25,947)
Other financing sources (uses):			
Transfers from other funds:			
General Fund	<u>163,900</u>	<u>210,000</u>	<u>373,900</u>
Net change in fund balances	204,872	143,081	347,953
Fund Balances:			
Beginning of year - July 1	<u>458,878</u>	<u>57,598</u>	<u>516,476</u>
End of year - June 30	<u><u>\$ 663,750</u></u>	<u><u>\$ 200,679</u></u>	<u><u>\$ 864,429</u></u>

Yadkin County
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2020

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Assets:					
Cash and cash equivalents	\$ 364,023	\$ 200,709	\$ 99,798	\$ -	\$ 664,530
Taxes receivable, net	-	-	53,913	-	53,913
Accounts receivable, net	-	-	-	-	-
Total assets	<u>\$ 364,023</u>	<u>\$ 200,709</u>	<u>\$ 153,711</u>	<u>\$ -</u>	<u>\$ 718,443</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 780	\$ -	\$ -	\$ -	\$ 780
Unspent CARES Act Funding	-	-	-	-	-
Total liabilities	<u>780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780</u>
Deferred Inflows of Resources					
Taxes receivable	-	-	53,913	-	53,913
Fund Balances:					
Restricted for Stabilization by State Statute	-	-	-	-	-
Restricted for public safety	363,243	200,709	99,798	-	663,750
Total fund balances	<u>363,243</u>	<u>200,709</u>	<u>99,798</u>	<u>-</u>	<u>663,750</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 364,023</u>	<u>\$ 200,709</u>	<u>\$ 153,711</u>	<u>\$ -</u>	<u>\$ 718,443</u>

Yadkin County
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
June 30, 2020

	Emergency Telephone System Fund	Law Enforcement Fund	Fire Districts Fund	Occupancy Tax Revenue Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ 2,205,792	\$ -	\$ 2,205,792
Sales tax	-	-	20,599	-	20,599
Restricted intergovernmental	268,040	2,049	-	-	270,089
Interest earned	-	-	21,102	-	21,102
Miscellaneous	-	-	-	24,740	24,740
Total revenues	<u>268,040</u>	<u>2,049</u>	<u>2,247,493</u>	<u>24,740</u>	<u>2,542,322</u>
Expenditures:					
Public safety	165,015	-	2,311,595	-	2,476,610
Human services	-	-	-	-	-
Economic and physical development	-	-	-	24,740	24,740
Total expenditures	<u>165,015</u>	<u>-</u>	<u>2,311,595</u>	<u>24,740</u>	<u>2,501,350</u>
Revenues over (under) expenditures	103,025	2,049	(64,102)	-	40,972
Other Financing Sources(Uses):					
Transfer from General Fund	-	-	163,900	-	163,900
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>163,900</u>	<u>-</u>	<u>163,900</u>
Net change in fund balances	103,025	2,049	99,798	-	204,872
Fund Balances:					
Beginning of year - July 1	<u>260,218</u>	<u>198,660</u>	<u>-</u>	<u>-</u>	<u>458,878</u>
End of year - June 30	<u>\$ 363,243</u>	<u>\$ 200,709</u>	<u>\$ 99,798</u>	<u>\$ -</u>	<u>\$ 663,750</u>

Yadkin County
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 268,040	\$ 268,040	\$ -
Expenditures:			
Public safety:			
Telephone	75,000	46,853	(28,147)
Contracted services	176,540	106,573	(69,967)
Operating expenses	6,500	2,970	(3,530)
Capital, other eligible expenses	10,000	8,619	(1,381)
Total expenditures	<u>268,040</u>	<u>165,015</u>	<u>(103,025)</u>
Revenues over (under) expenditures	-	103,025	103,025
Other Financing Sources (Uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	103,025	<u>\$ 103,025</u>
Fund balance, beginning		<u>260,218</u>	
Fund balance, ending		<u>\$ 363,243</u>	
PSAP RECONCILIATION			
June 30, 2019			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue-Expenditure Report because:			
Ending fund balance, reported budget to actual			\$ 363,243
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. PSAP report)			<u>(6,973)</u>
Ending Balance, PSAP Revenue-Expenditure Report			<u>\$ 356,270</u>

Yadkin County
Law Enforcement Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Fines and forfeitures	<u>\$ 6,000</u>	<u>\$ 2,049</u>	<u>\$ (3,951)</u>
Expenditures:			
Public safety:			
Operating expenses	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>2,049</u>	<u><u>\$ 2,049</u></u>
Fund Balance:			
Beginning of year - July 1		<u>198,660</u>	
End of year - June 30		<u><u>\$ 200,709</u></u>	

Yadkin County
Fire Districts Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 2,147,696	\$ 2,205,792	\$ 58,096
Sales tax	-	20,599	20,599
Interest income	-	21,102	21,102
Total revenues	<u>2,147,696</u>	<u>2,247,493</u>	<u>99,797</u>
Expenditures:			
Public safety:			
Fire tax distributed to fire districts	2,147,696	2,147,695	1
Sales tax contributed to fire districts	163,900	163,900	-
Total expenses	<u>2,311,596</u>	<u>2,311,595</u>	<u>1</u>
Other Financing Sources(Uses):			
Transfer from General Fund	163,900	163,900	-
Fund Balance Appropriated	-	-	-
Total Other Financing Sources (Uses)	<u>163,900</u>	<u>163,900</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	99,798	<u>\$ 99,798</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ 99,798</u>	

Yadkin County
Occupancy Tax Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenue	<u>\$ 25,000</u>	<u>\$ 24,740</u>	<u>\$ (260)</u>
Expenditures:			
Economic and physical development:			
Tourism related programs	<u>25,000</u>	<u>24,740</u>	<u>260</u>
Other Financing Sources(Uses):			
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u><u>\$ -</u></u>	

Yadkin County
Vehicle Replacement Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
June 30, 2020

	Final Budget	Actual	Variance Over/Under
Revenues:			
Miscellaneous sale of surplus property	\$ -	\$ 3,080	\$ 3,080
Expenditures:			
General government:			
Equipment	265,000	69,999	195,001
Revenues over (under) expenditures	(265,000)	(66,919)	(191,921)
Other Financing Sources(Uses):			
Transfer from General Fund	210,000	210,000	-
Appropriated Fund Balance	55,000	-	(55,000)
Total other financing sources (uses)	265,000	210,000	(55,000)
Net change in fund balance	\$ -	143,081	\$ 143,081
Fund Balance:			
Beginning of year - July 1		57,598	
End of year - June 30		\$ 200,679	

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

**Yadkin County
Landfill Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020**

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Solid waste fees	\$ 2,463,800	\$ 2,163,373	\$ (300,427)
Recycling fees	6,000	15,207	9,207
Miscellaneous	-	-	-
Total operating revenues	<u>2,469,800</u>	<u>2,178,580</u>	<u>(291,220)</u>
Non-operating revenues:			
Grants	2,500	2,213	(287)
Solid waste disposal tax	26,000	29,654	3,654
Scrap tire disposal tax	52,000	56,207	4,207
White good disposal tax	15,000	16,846	1,846
Total non-operating revenues	<u>95,500</u>	<u>104,920</u>	<u>9,420</u>
Total revenues	<u>2,565,300</u>	<u>2,283,500</u>	<u>(281,800)</u>
Expenditures:			
Solid Waste:			
Operating expenditures:			
Personnel services	239,995	237,680	2,315
Contracted services	3,500	2,326	1,174
Maintenance	36,716	29,533	7,183
Other operating expenses	521,080	482,135	38,945
Disposal transfer fee	1,689,325	1,468,327	220,998
Total operating expenditures	<u>2,490,616</u>	<u>2,220,001</u>	<u>270,615</u>
Supplemental budget expenditures:			
Capital outlay	-	-	-
Total solid waste	<u>2,490,616</u>	<u>2,220,001</u>	<u>270,615</u>
Recycling:			
Other operating expenses	69,800	56,445	13,355
Capital outlay	-	-	-
Total recycling	<u>69,800</u>	<u>56,445</u>	<u>13,355</u>
White Goods Expense:			
Contracted Services	10,000	-	10,000
Total expenditures	<u>2,570,416</u>	<u>2,276,446</u>	<u>293,970</u>

Yadkin County
Landfill Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	12,170	<u>\$ 12,170</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		-	
Increase in accrued vacation pay		(1,644)	
Depreciation		(18,665)	
Increase deferred outflows - pension		(10,952)	
Increase deferred outflows - OPEB		8,049	
Increase in net pension liability		244	
Decrease deferred inflows - pension		620	
Decrease deferred inflows - OPEB		958	
Increase in other post-employment benefits		<u>(5,593)</u>	
Change in net position		<u>\$ (14,813)</u>	

Yadkin County
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Water fees	\$ 204,000	\$ 157,708	\$ (46,292)
East Bend Water Fees	180,000	218,750	38,750
Total Revenue	<u>384,000</u>	<u>376,458</u>	<u>(7,542)</u>
Expenditures:			
Water Expense			
Salaries & benefits	60,510	68,530	(8,020)
Maintenance	4,321	3,021	1,300
Other operating expenditures	145,879	124,607	21,272
Total water expense	<u>210,710</u>	<u>196,158</u>	<u>14,552</u>
EB Waterline Expense			
Salaries & benefits	64,690	49,364	15,326
Contracted Services	4,700	2,892	1,808
Water Expense	77,280	67,745	9,535
Other operating expenditures	12,580	11,565	1,015
Total EB Waterline Expense	<u>159,250</u>	<u>131,566</u>	<u>27,684</u>
Debt Service			
Principal	208,750	197,528	11,222
Interest	-	-	-
Total debt service	<u>208,750</u>	<u>197,528</u>	<u>11,222</u>
Total expenditures	<u>578,710</u>	<u>525,252</u>	<u>53,458</u>
Revenues over (under) expenditures	<u>(194,710)</u>	<u>(148,794)</u>	<u>(61,000)</u>
Other financing sources (uses):			
Transfers in:			
Water and Sewer Capital Project Fund	194,710	1,000,000	(805,290)
Appropriated fund balance	194,710	-	194,710
Total other financing sources (uses)	<u>389,420</u>	<u>1,000,000</u>	<u>(610,580)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ 194,710</u>	851,206	<u>\$ (671,580)</u>

Yadkin County
Water and Sewer Fund
Statement of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(395,915)	
Principal paid on debt		197,528	
Increase in compensated absences		(4,115)	
Increase deferred outflows - pension		3,576	
Increase in deferred outflows - OPEB		669	
Increase in net pension liability		(12,251)	
Decrease deferred inflows - pension		18	
Decrease deferred inflows - OPEB		195	
Increase in total OPEB liability		(1,141)	
Transfer from project fund to Water Fund (Ex E-2a)		(1,000,000)	
Transfer from project fund to General Fund (Ex E-2a)		<u>(50,761)</u>	
Change in net position		<u>\$ (410,991)</u>	

Yadkin County
Water and Sewer Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual			Total To Date	Variance Over/Under
		Prior Years	Current Year	Completed Project		
Revenues:						
Restricted intergovernmental	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Water line fees - East Bend	77,750	77,750	-	(77,750)	-	-
Total revenues	<u>377,750</u>	<u>77,750</u>	<u>-</u>	<u>(77,750)</u>	<u>-</u>	<u>-</u>
Expenditures:						
East Bend Water Project:						
Engineering	463,250	477,286	9,800	(487,086)	-	950,336
Professional services	25,000	581	-	(581)	-	25,581
Land acquisition	197,750	117,472	-	(117,472)	-	315,222
Construction	3,549,368	3,402,709	-	(3,402,709)	-	6,952,077
Loan closing cost	82,652	81,915	-	(81,915)	-	164,567
Other	1,054,730	-	-	-	-	1,054,730
Contingency	180,000	-	-	-	-	180,000
Total expenditures	<u>5,552,750</u>	<u>4,079,963</u>	<u>9,800</u>	<u>(4,089,763)</u>	<u>-</u>	<u>9,642,513</u>
Revenues over (under) expenditures	(5,175,000)	(4,002,213)	(9,800)	4,012,013	-	9,642,513
Other financing sources (uses):						
From General Fund:						
Water lines - East Bend	1,000,000	1,000,000	-	(1,000,000)	-	2,000,000
To Water Sewer Fund			(1,000,000)	-	(1,000,000)	1,000,000
To General Fund			(50,761)	-	(50,761)	50,761
DWSRF loan proceeds	4,175,000	-	-	-	-	4,175,000
DENR loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,175,000</u>	<u>1,000,000</u>	<u>(1,050,761)</u>	<u>(1,000,000)</u>	<u>(1,050,761)</u>	<u>7,225,761</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$(3,002,213)</u>	<u>\$(1,060,561)</u>	<u>\$ 5,012,013</u>	<u>\$ (1,050,761)</u>	<u>\$ 16,868,274</u>

Yadkin County
Group Insurance Internal Service Fund
Financial Plan and Actual (Non-GAAP)
For the Year Ended June 30, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Operating Revenues:			
Charges for services - premiums	\$ 2,598,000	\$ 2,716,005	\$ (118,005)
Operating Expenditures:			
Insurance claims, premiums, and administration charges	<u>3,098,000</u>	<u>3,066,473</u>	<u>(31,527)</u>
Other Financing Sources (Uses):			
Appropriated Fund Balance	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (350,468)</u>	<u>\$ 413,522</u>

AGENCY FUNDS

Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds.

Yadkin County
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Social Services Custodial Fund:				
Assets:				
Cash and cash equivalents	\$ 162,332	\$ 259,294	\$ 231,018	\$ 190,608
Liabilities:				
Other liabilities	\$ 162,332	\$ 259,294	\$ 231,018	\$ 190,608
Fines and Forfeitures				
Assets:				
Cash and cash equivalents	\$ 404	\$ 80,418	\$ 80,029	\$ 793
Liabilities:				
Intergovernmental payable - State of North Carolina	\$ 404	\$ 80,418	\$ 80,029	\$ 793
Flex Plan Benefits:				
Assets:				
Cash and cash equivalents	\$ 4,374	\$ 44,332	\$ 48,942	\$ (236)
Liabilities:				
Other liabilities	\$ 4,374	\$ 44,332	\$ 48,942	\$ (236)
Town Fund:				
Assets:				
Taxes receivable	\$ 116,219	\$ -	\$ 1,308	\$ 114,911
Liabilities:				
Other liabilities	\$ 116,219	\$ -	\$ 1,308	\$ 114,911
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 1,390	\$ 17,005	\$ 16,940	\$ 1,455
Liabilities:				
Other liabilities	\$ 1,390	\$ 17,005	\$ 16,940	\$ 1,455
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 168,500	\$ 401,049	\$ 376,929	\$ 192,620
Taxes Receivable	116,219	-	1,308	114,911
Total Assets	\$ 284,719	\$ 401,049	\$ 378,237	\$ 307,531
Liabilities:				
Other liabilities	\$ 284,315	\$ 320,631	\$ 298,208	\$ 306,738
Intergovernmental payable	404	80,418	80,029	793
Total liabilities	\$ 284,719	\$ 401,049	\$ 378,237	\$ 307,531

OTHER SCHEDULES

This section includes additional information on property taxes.

**Yadkin County
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 20,418,245	\$ 19,947,727	\$ 470,518
2018-2019	544,063	-	264,394	279,669
2017-2018	320,556	-	134,367	186,189
2016-2017	202,102	-	75,427	126,675
2015-2016	138,653	-	52,502	86,151
2014-2015	88,197	-	27,254	60,943
2013-2014	98,749	-	17,718	81,031
2012-2013	102,621	-	13,500	89,121
2011-2012	80,625	-	8,339	72,286
2010-2011	75,081	-	6,564	68,517
2009-2010	73,505	-	73,505	-
	<u>\$ 1,724,152</u>	<u>\$ 20,418,245</u>	<u>\$ 20,621,297</u>	<u>1,521,100</u>
				Less: allowance for uncollectible accounts: General Fund <u>(1,028,377)</u>
				Ad valorem taxes receivable - net: General Fund <u>\$ 492,723</u>
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund <u>\$ 20,549,401</u>
				Reconciling items:
				Interest and Penalty collected (195,696)
				Releases, adjustments, and fees 199,732
				Taxes Written Off <u>67,860</u>
				Total reconciling items <u>71,896</u>
				Total collections and credits <u>\$ 20,621,297</u>

Yadkin County
Analysis of Current Tax Levy
County - wide Levy
June 30, 2020

	County - wide		Total Levy			
			Property exclusing Registered Motor Vehicles	Registered Motor Vehicles		
	Property Valuation	Rate	Amount of Levy			
Original levy:						
Property taxed at current year's rate	\$ 3,090,205,894	\$ 0.66	\$ 20,342,541	\$ 17,952,483	\$ 2,390,058	
Penalties	-		22,919	22,919	-	
Total	<u>3,090,205,894</u>		<u>20,365,460</u>	<u>17,975,402</u>	<u>2,390,058</u>	
Discoveries:						
Current year taxes	2,671,436	0.66	17,631	17,631	-	
Prior year taxes	3,192,760	0.66	21,072	21,072	-	
Prior year taxes	3,168,153	0.66	20,910	20,910	-	
Prior year taxes	2,719,163	0.66	17,946	17,946	-	
Prior year taxes	59,746	0.66	394	394	-	
Prior year taxes	-	0.66	-	-	-	
Prior year taxes	33,200	0.679	212	212	-	
Total	<u>11,844,458</u>		<u>78,166</u>	<u>78,166</u>	<u>-</u>	
Abatements:						
Current year taxes	(3,053,616)	0.66	(20,154)	(22,723)	-	
Prior year taxes	(276,184)	0.66	(1,823)	(1,823)	-	
Prior year taxes	(278,498)	0.66	(1,838)	(1,838)	-	
Prior year taxes	(237,392)	0.66	(1,567)	(1,567)	-	
Prior year taxes	-	0.66	-	-	-	
Prior year taxes	-	0.679	-	-	-	
Total	<u>(3,845,690)</u>		<u>(25,382)</u>	<u>(27,951)</u>	<u>-</u>	
Total property valuation	<u>\$ 3,098,204,662</u>					
Net levy			20,418,245	18,025,618	2,390,058	
Uncollected taxes at June 30, 2020			<u>470,518</u>	<u>470,518</u>	<u>-</u>	
Current year's taxes collected			<u>\$ 19,947,727</u>	<u>\$ 17,555,100</u>	<u>\$ 2,390,058</u>	
Current levy collection percentage			<u>97.70%</u>	<u>97.39%</u>	<u>100.00%</u>	

**Yadkin County
Analysis of Current Tax Levy
County - wide Levy
June 30, 2020**

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio ¹	100.00%
Real Property	\$ 2,279,568,236
Personal Property (includes late listing)	336,265,254
Motor Vehicles	362,130,000
Public Service Companies ²	112,242,404
Total Assessed Valuation	<u>\$ 3,090,205,894</u>
Tax Rate per \$100	<u>\$ 0.66</u>
Levy (includes discoveries, late list penalties, releases and abatements)	<u>\$ 20,418,245</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	\$ 1,967,861
---------------------------	--------------

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

**Yadkin County
Ten Largest Taxpayers
June 30, 2020**

Taxpayer	Type of Business	2019 Assessed Valuation	Percentage of Total Assessed Valuation
Unifi Mfg Inc	Manufacturing	\$ 117,184,835	3.78%
Duke Energy Corp	Utility	66,140,847	2.13%
Lydall Inc	Manufacturing	65,817,743	2.12%
B&G Food Snacks Inc	Manufacturing	37,710,138	1.22%
Phillips Van Huesen Corp	Manufacturing	33,346,864	1.08%
Surry Yadkin EMC	Utility	13,933,047	0.45%
Southland Transportation	Transportation	12,654,579	0.41%
Salem Leasing Corp	Manufacturing	9,918,537	0.32%
General Motors LLC	Car Dealership	9,202,125	0.30%
Ford Motor Co - Tooling	Manufacturing	8,114,248	0.26%
Total		<u>\$ 374,022,963</u>	<u>12.07%</u>

COMPLIANCE SECTION



**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditors' Report

To the Board of County Commissioners
Yadkin County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Yadkin County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Yadkin County's basic financial statements, and have issued our report thereon dated October 26, 2020. The financial statements of the Yadkin County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yadkin County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yadkin County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

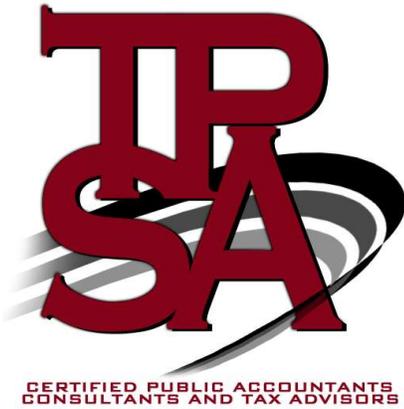
As part of obtaining reasonable assurance about whether Yadkin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 26, 2020



Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Yadkin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Yadkin County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Yadkin County's major federal programs for the year ended June 30, 2020. Yadkin County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Yadkin County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred with governance. examining, on a test basis, evidence about Yadkin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Yadkin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Yadkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002 and 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

Yadkin County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Yadkin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Yadkin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Yadkin County internal control over compliance with the types of requirements that could have direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002 and 2020-003 that we consider to be significant deficiencies.

Yadkin County's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Yadkin County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 26, 2020



Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
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Gregory S. Adams, CPA**

Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance
and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Yadkin County, North Carolina

Report on Compliance for Each Major State Program

We have audited Yadkin County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Yadkin County's major state programs for the year ended June 30, 2020. Yadkin County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Yadkin County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that cowith governance. and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Yadkin County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Yadkin County's compliance.

Opinion on Each Major State Program

In our opinion, Yadkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Yadkin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Yadkin County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
October 26, 2020

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2020

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Finding: 2020-001

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determine Medicaid eligibility.
Condition:	There were two errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 Medicaid reciepients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.
Cause:	Error in reading the ACTS report and/or ineffective case review process.
Recommendation:	Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determine eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform reviews of County transfers. Workers will be retrained on when I-VD referrals need to be made and on which cases.

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2020

Section III - Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Finding: 2020-002

SIGNIFICANT DEFICIENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were fourteen errors discovered during our procedures that inaccurate information was entered when determining eligibility. Three applicant/beneficiaries that received assistance for which the recipient was not eligible.
Questioned Costs:	The amount of claims paid on behalf of the above ineligible participant for fiscal year ending 6/30/2020 did not exceed the threshold for a questioned cost determination.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2019-002.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes that clearly indicates what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping in NCFast.

Yadkin County
Schedule of Findings and Questioned Costs
June 30, 2020

Section III - Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA# 93.778

Finding: 2020-003

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.
Condition:	There were eight errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. One applicant received assistance for which the recipient was not eligible.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2019-001.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes that clearly indicates what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping in NCFAST.

Section IV - State Award Findings and Questioned Costs

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

SIGNIFICANT DEFICENCY: Finding 2020-001, 2020-002 and 2020-003 also apply to State requirements and State Awards.

*Kevin Austin, Chairman of Board
David Moxley, Vice Chairman
Gilbert Hemric, Commissioner
Frank Zachary, Commissioner
Marion Welborn, Commissioner*

*Ed Powell, County Attorney
Lisa Hughes, County Manager
Tanya Gentry, Clerk to the Board*



**Corrective Action Plan
June 30, 2020**

Finding: 2020-001

Name of contact person: Marcy Mays, Assistant Director

Corrective Action: Eligibility Supervisors will review county transfers upon their arrival to Yadkin to ensure that all I-VD referrals have been made on appropriate parties. Supervisors will conduct a training on when I-VD referrals need to be made and on which cases.

Proposed Complianc
Date: County transfers will be reviewed by Supervisors immediately and training on referrals will occur by 11/13/20.

Finding: 2020-002

Name of contact person: Marcy Mays, Assistant Director

Corrective Action: Supervisors will train Medicaid staff on what information needs to be contained in case documentation. Training will include sample documentation examples for staff. Any documents used in determining eligibility will be saved in NCFast. Supervisors will also spot check Medicaid cases to determine if an outside party can discern how eligibility was determined based on reading the case documentation. Documentation spot checks will occur in at least 40 Medicaid cases per month.

Proposed Complianc
Date: Training on documentation will occur by 11/30/20 and spot checks of documentation will begin in the month of November 2020.

Finding: 2020-003

Name of contact person: Marcy Mays, Assistant Director

Corrective Action: Supervisors will train Medicaid staff on what information needs to be contained in case documentation. Training will include sample documentation examples for staff. Any documents used in determining eligibility will be saved in NCFast. Supervisors will also spot check Medicaid cases to determine if an outside party can discern how eligibility was determined based on reading the case documentation. Documentation spot checks will occur in at least 40 Medicaid cases per month.

Proposed Complianc
Date: Training on documentation will occur by 11/30/20 and spot checks of documentation will begin in the month of November 2020.

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Yadkin County
Summary Schedule of Prior Year Audit Findings
June 30, 2020

Finding: 2019-001
Status: Repeated as finding 2020-003

Finidng: 2019-002
Status: Repeated as finding 2020-002

YADKIN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program title	State/ Pass-through		Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
	Federal CFDA Number	Grantor's Number				
FEDERAL AWARDS						
<u>U.S. Department of Agriculture</u>						
Passed through N. C. Department of Health and Human Services Division of Public Health Special Supplemental Nutrition Program for Women, Infants, & Children						
	10.557	13 A2 XXXX XX	\$ 190,568	\$ -	\$ -	\$ -
Passed through N.C. Department of Health and Human Services Division of Social Services Administration: State Administrative Matching Grants for Supplemental Nutrition Assist. Program						
	10.561	175NC406S2514	237,927	-	-	237,927
			428,495	-	-	237,927
<u>U.S. Department of Treasury</u>						
Passed-through the Office of State Budget and Management NC Pandemic Recovery Office Coronavirus Relief Fund						
	21.019	02-96	1,574	-	-	-
			1,574	-	-	-
<u>U.S. Department of Health and Human Services</u>						
	93.498		39,255	-	-	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements						
	93.074		25,949	-	-	-
	93.116		20	-	-	-
	93.217		37,817	-	-	-
	93.268		13,164	-	-	-
	93.354		33,228	-	-	-
	93.991		30,792	-	-	-
	93.994		42,030	6,749	-	-
Division of Social Services Temporary Assistance for Needy Families (TANF) Cluster TANF - Work First						
	93.558		214,413	-	-	227,888
Division of Public Health TANF - Work First						
	93.558	G1601NCTANF/	4,025	-	-	-
			218,438	-	-	227,888
Foster Care and Adoption Cluster: Foster Care Title IV – Supplemental Payments						
	93.658		5,000			
	93.658	17021NCFOST	425,400	97,945	-	192,793
	93.659	1701NCADPT	6,574	-	-	6,191
	N/A		20,732	-	-	-
			457,706	97,945	-	198,984
	93.563	1704NC4005	186,638	(265)	-	96,412
	93.566		(336)	-	-	-
	93.556		40,081	-	-	-
Low-Income Home Energy Assistance Administration						
	93.568		17,021	-	-	-
	93.568	G16B1NCLIEA / G17B1NCLIEA	96,584	-	-	-
	93.568		79,237	-	-	-
			192,841	-	-	-

YADKIN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program title	State/ Pass-through		Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
	Federal CFDA Number	Grantor's Number				
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645	G1701NCCWSS	(10,705)	-	-	(3,568)
Total Stephanie Tubbs Jones Child Welfare Services Program						
Chafee Foster Care Independence Program	93.674	G1501NC1420 /	5,132	76	-	-
SSBG - Other Service and Training	93.667		127,281	-	-	42,427
Division of Aging and Adult Services:						
Division of Social Services						
SP Child Adoption Incentive Fund	93.667		-	(1,197)	-	1,197
SSBG - Adult Protective Services	93.667		32,260	-	-	842
SSBG - In Home Service	93.667		24,629	-	-	3,518
Passed-through Piedmont Triad Regional Council						
SSBG - In Home Service	93.667		6,821	195	-	-
Total Social Service Block Grant			190,991	(1,002)	-	47,984
Division of Child Development and Early Education						
Subsidized Child Care						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services						
Childcare Development Mandatory and						
Match Fund - Administration	93.596	DSS 2017	79,404	-	-	-
Total Subsidized Child Care			79,404	-	-	-
Passed through Piedmont Triad Council of Governments						
Division of Aging and Adult Services						
Family Caregiver Support	93.052		14,389	959	-	-
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044	NC007 (17)	42,768	2,515	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045	NC007 (17)	159,356	38,560	-	-
Nutrition Services Incentive Program	93.053	NC007 (17)	27,233	-	-	-
Total Aging Cluster			229,357	41,075	-	-
Medical Assistance Program	93.778	XIX-MAP17	726,476	3,278	-	283,522
State Children's Insurance Program - N.C. Health Choice	93.767	CHIP17	35,231	594	-	2,265
Total U.S. Department of Health and Human Services			2,587,898	149,410	-	853,487
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety						
Division of Emergency Management:						
Emergency Management - Performance Grants	97.042	EMPG 2018	38,904	-	-	-
Total U.S. Department of Homeland Security			38,904	-	-	-
Total Federal Awards			\$ 3,056,871	\$ 149,410	\$ -	\$ 1,091,414
<u>STATE AWARDS</u>						
<u>N.C. Department of Health and Human Services</u>						
Division of Public Health						
Food and Lodging Fees		1153 4752 SZ	\$ -	\$ 8,114	\$ -	\$ -
Aid-to Counties			-	79,113	-	-
General Communicable Disease Control		1175 4510 00	-	11,307	-	-
Child Health		1271 5745 00	-	6,212	-	-
HIV/STD State			-	328	-	-
Healthy Community Activities			-	3,785	-	-
STD Drugs			-	459	-	-
School Nurse Funding Initiative		1332 5358 AV, 00	-	50,000	-	-
Family Planning - State		13A1 5735 00	-	3,466	-	-
Maternal Health (HMHC)		13A1 5740 00	-	23,725	-	-
Women's Health Service Fund		13A1 1306 FR	-	6,215	-	-
Total Division of Public Health			-	192,724	-	-

YADKIN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Division of Social Services:						
State Child Welfare/CPS/CS LD		274	-	17,619	-	-
County Funded Programs			-	-	-	902,522
Non-Allocating County Cost			-	-	-	243,956
Work First Non Reimbursable			-	-	-	638
CSE Disaster Non-Reimbursable			-	-	-	60
Extended FC/Max Non IV-E			-	19,634	-	-
SFHF Maximization			-	86,821	-	86,821
State Foster Home			-	60,626	-	60,626
F/C Risk Maximization			-	3,669	-	1,371
Total Division of Social Services			-	188,368	-	1,295,994
Passed-Through the Piedmont Triad Regional Council						
Division of Aging and Adult Services:						
State Funds -Access			-	1,116	-	-
State Funds - Home Delivered Meals			-	30,414	-	-
State Funds - In-Home Services			-	64,694	-	-
State Funds - Senior Center General Purpose		NC007 (17)	-	31,722	-	-
Total Division of Aging			-	127,946	-	-
Total N.C. Department of Health and Human Services			-	509,038	-	1,295,994
<u>N.C. Department of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP - Work First Transitional - Employment		36236.11.8.1	-	11,672	11,672	-
ROAP - Rural General Public Program		36228.22.9.1	-	84,316	84,316	-
ROAP - Elderly and Disabled Transportation Assistance Program		36220.10.9.1	-	70,720	70,720	-
Total N.C. Department of Transportation			-	166,708	166,708	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs		YADKIN	-	133,229	133,229	12,145
Total Agency N.C. Department of Public Safety			-	133,229	133,229	12,145
<u>N.C. Dept. of Administration</u>						
Division of Veteran Affairs						
Veterans Service		143B-1211C4	-	2,000	-	-
Total N.C. Department of Administration			-	2,000	-	-
<u>N.C. Department of Natural and Cultural Resources</u>						
Division of Parks and Recreation						
Rural Trials Program			-	8,960	-	-
Parks and Recreation Trust Fund		2018-872	-	182,022	-	-
Total N.C Department of Natural and Cultural Resources			-	190,982	-	-
<u>N.C. Department of Environmental Quality</u>						
Electronics Management						
			-	2,213	-	-
Scrab Tire Fund - SWMG						
			-	2,095	-	-
Total N.C Department of Environmental Quality			-	4,308	-	-
<u>N.C. Department of Agriculture and Consumer Services</u>						
Spay Neuter Program						
		Reimbursement	-	4,452	-	-
ASCP - Cost Share						
		YADKIN17	-	26,509	-	-
NC DENR Matching Funds						
		40100296315SWC	-	3,600	-	-
Total N.C. Department of Agriculture and Consumer Services			-	34,561	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds						
			-	300,000	-	-
Total N.C Department of Public Instruction			-	300,000	-	-
Total State Assistance			\$ -	\$ 1,340,826	\$ 299,937	\$ 1,308,139
Total Assistance Federal and State Assistance			\$ 3,056,871	\$ 1,490,236	\$ 299,937	\$ 2,399,553

YADKIN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program title	State/		Federal Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
	Federal CFDA Number	Pass-through Grantor's Number				

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Yadkin County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Yadkin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Yadkin County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Yadkin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption

Note 5: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	428,176	-
Supplemental Nutrition Assistance Program	10.551	6,165,876	-
Medical Assistance Program	93.778	39,145,184	17,289,701
Children's Health Insurance Program	93.767	1,236,279	94,029
IV-E Adopt & Vendor	93.659	413,136	93,582
TANF Payments & Penalties	93.558	123,424	8,995
CWS Adopt, Vendor, Guard	N/A	-	144,082
SAA/SAD HB 1030	N/A	-	102
SC/SA Domiciliary Care	N/A	-	172,593

Note 6: Coronavirus Relief Funds

Yadkin County received \$862,854 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$731,039 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Yadkin County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.